

2001-2002

Regional ECONOMIC Forecast for southern california

The Regional Economic
Forecast Conference is presented with
the generous financial support of our
sponsors:

California Federal Bank,

*South Coast Air Quality
Management District*

*California Department of Transportation
(CALTRANS)*

*This conference is organized and produced by
the Economic Policy Section,
Planning and Policy Department, Southern California Association of
Governments*

*Dr. Bruce F. DeVine, Chief Economist
Dr. Frank H. Wen, Senior Economist*

Contents

- 2** A Message from the President,
Southern California Association of
Governments
*Hon. Ronald Bates, Councilmember,
City of Los Alamitos*
- 3** A Message from the Universities
*Dr. Milton A. Gordon, President, California
State University, Fullerton*
*Dr. Robert Maxson, President, California
State University, Long Beach*
- 4** U.S. and California Forecast Highlights
*Ted Gibson, Chief Economist, Department of
Finance, State of California*
- 7** The CSUF Economic Forecast for the
Southern California Region
*Dr. Anil K. Puri, Dean, College of Business
and Economics and Co-Director, Institute for
Economic and Environmental Studies*
- 14** The CSULB Economic Forecast for the
Southern California Region
*Dr. Lisa M. Grobar, Director, CSULB
Economic Forecast Project and Professor of
Economics, California State University,
Long Beach*
- 23** CSUF County Forecast Tables
- 35** CSULB County Forecast Tables

A Message From the President

On behalf of the Southern California Association of Governments (SCAG), I welcome you to the fourth annual Regional Economic Forecast Conference. Your presence and participation in today's program reflects your understanding of the importance of working together to ensure a vibrant regional economy for tomorrow and beyond.

The Association strongly believes that strategic partnerships among its six counties are essential in formulating sound government policies in the areas of transportation, air quality and housing. The unique economic forecasts presented by the distinguished speakers at this conference are the only predictions you will find that are devoted exclusively to the 2001-2002 economic outlook for the whole Southern California region. They will form the basis for SCAG's final projections of transportation revenues in its 2001 Regional Transportation Plan (RTP) revision.

Like its three predecessors, the fourth annual Regional Economic Forecast Conference underscores the significant contributions of academia in economic modeling. We are privileged to feature the analyses of two university teams from the region, California State University, Fullerton and California State University, Long Beach.

The mission of the Southern California Association of Governments is to promote economic growth, personal well-being, and livable communities for all Southern Californians. The interdependent nature of our economies dictates that continued regional collaboration between business, government, academia and the individual communities is vital to carrying out that mission and sustaining Southern California's prominent position in the global economy.



Hon. Ronald Bates, Councilmember, City of Los Alamitos
President, Southern California Association of Governments

California boasts the world's seventh largest economy and its southern half is a hub of American innovation, research and economic activity. Propelled by industries as diverse as aerospace, entertainment, international trade and tourism, the state is poised to steadily upgrade its status as an economic powerhouse of the 21st century.

The Southern California Association of Governments works to ensure that the region plans accordingly to sustain this vibrant economy and to meet the future needs of its growing population. In conjunction with SCAG, research teams at Southern California universities assemble the data needed to formulate sound public policy for this region of over 16 million people living in an area of more than 38,000 square miles.

The entrepreneurial spirit that thrives in California has made it a land known both nationally and internationally as a birthplace of novel ideas. As academic institutions in partnership with the Southern California Association of Governments, we are honored to be a part of this ambitious effort to provide for our collective future.

Milton A. Gordon

Dr. Milton A. Gordon, President
California State University, Fullerton

Robert C. Maxson

Dr. Robert Maxson, President
California State University, Long Beach

A Message From the Universities



Ted Gibson
*Chief
Economist
Department of
Finance
State of
California*

U.S. and California Forecast Highlights

The Nation

The U.S. economy is now within a few months of completing an unprecedented 10 years of uninterrupted growth, and is showing few signs of tiring. Indeed, if anything, growth has accelerated as the expansion has aged—reaching 6.1 percent in the year ended last June—accompanied by only a modest pickup in the rate of inflation, much of which can be traced to rising energy prices.

The long-expected slowdown in economic growth has, up to now, steadfastly refused to materialize. Instead, with the benefit of hindsight, economists and policymakers have been steadily marking up their estimates of potential, noninflationary growth. The most recent pronouncement from Federal Reserve Chairman Alan Greenspan places potential growth in the 4-4½ percent range, double the perceived “speed limit” of 2-2½ percent under which policymakers were operating just two years ago.

Over the last several years, remarkable gains in the rate of productivity growth have more than offset the continuing slowing of growth in the working-age population, which has now fallen below 1 percent annually. Productivity, which had been widely assumed to be stuck in a 1 to 1½ percent rut, is now estimated to be growing at an average pace of as much as 3½ percent, which, coupled with even meager gains in the labor force, yields the 4½ percent estimate of potential economic growth.

At work, of course, is the new economy—the payoff from large and continuing investments in technology that can be found in virtually every segment of the economy. It helps explain why, as the expansion has aged, growth has actually strengthened, and inflationary pressures have for the most part been avoided.

In this context, it would take only a modest slowing in growth to achieve the sought after “soft landing” believed necessary to extend the expansion for the foreseeable future. The initial report on third quarter gross domestic

product (GDP) indicates that real (inflation-adjusted) growth slowed to 2.7 percent at an annual rate, providing welcome evidence that growth may indeed be slackening.

Moderate Growth Ahead?

There are several reasons to expect a more moderate pace of U.S. economic growth in the year ahead. For one thing, a second quarter upsurge in business inventories, which was sustained in the most recent period, will almost certainly be reversed over the next few months. More fundamentally, consumers, already carrying record debt burdens, are now facing sharp increases in fuel costs—both heating oil and natural gas—on top of stubbornly high gasoline prices. Although energy outlays are far less important in today’s economy than was the case twenty-five or even ten years ago, the price increases resemble a tax on consumers that will almost certainly result in reduced spending on other goods and services.

The sharp slowing in business investment outlays may reflect a growing cash squeeze on corporations, resulting from both a deceleration in profit growth and a tightening in credit conditions, evidenced by the widening spread between government and corporate bond yields. Moreover, stagnant and falling equity prices serve to raise the cost of capital for business, further inhibiting growth in investment outlays.

To be a little more specific, U.S. GDP growth is expected to slow to a little over 3 percent next year, from this year’s anticipated 5.3 percent pace. On the assumption that energy prices will begin to moderate gradually over the next year or so, overall inflation is probably now near a peak level. Employee compensation pressures will continue to mount given tight labor markets, rising medical care costs, and attempts by workers to reclaim some of the purchasing power lost to higher energy costs. But these pressures should be offset by falling petroleum and natural gas prices as 2001 unfolds.

Monetary policy is expected to remain on hold at least through the middle of next year. Despite weaker economic growth, policy makers are likely to remain alert to possible inflationary pressures arising in the labor market. By next summer, however, these pressures should have abated sufficiently to allow a modest easing in short-term interest rates. Long-term rates are expected to move in a relatively narrow band of between 5½ and 6 percent for the 10 year Treasury note. Corporate spreads against Treasuries should narrow somewhat as profits improve in the second half of next year.

Outlook for California

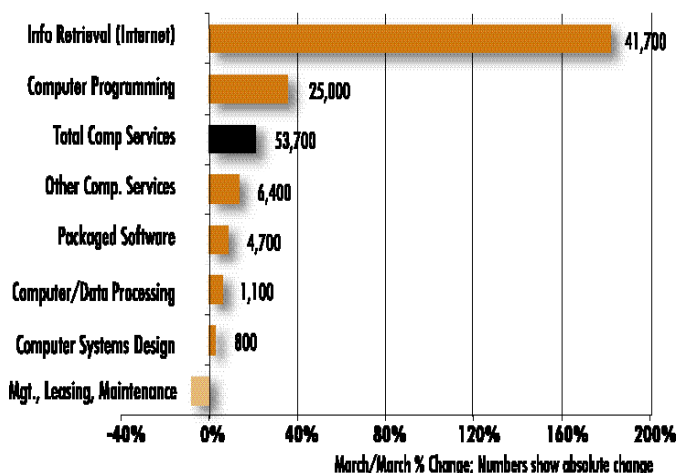
California's economy has continued to exhibit strong growth over the past year. For the fourth year in a row, job growth exceeded 3 percent in 2000, adding nearly 550,000 new jobs. Even more remarkable, it appears that personal income growth, when finally tallied late next year, will have exceeded 10 percent, the largest gain in 16 years. Income growth was boosted by the spreading use of stock options, which accounted for roughly half the estimated 14 percent surge in total wages and salaries this year.

Industry Review.

Once again in 2000, job growth was led by construction and services. Construction jobs, which surged by more than 11 percent in both 1998 and 1999, tacked on a further 10 percent over the past year. This year growth shifted from the nonresidential to residential sectors of the industry, although at fewer than 150,000 new units, homebuilding activity continues to fall far short of population and job-induced demand, posing a possible threat to the long-term viability of the state's economy.

Services employment grew 5.7 percent, adding more than 250,000 jobs during the year. Business and professional services accounted for 160,000 of these new jobs—a 9 percent growth rate. Computer services, including programming, software and the Internet, increased more than 20 percent, with Internet jobs surging by over 100 percent. Employment in computer services now exceeds the 357,000 jobs in the four electronics manufacturing industries combined (computers, components, communications equipment and measuring instruments).

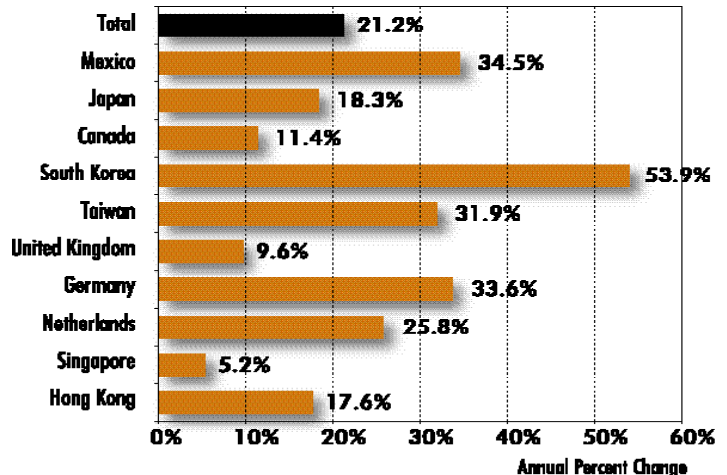
Computer Services Job Growth March 1999-2000



After losing jobs in 1999, manufacturing employment posted modest gains in 2000, largely on the strength of a strong rebound in exports. California-made exports jumped more than 20 percent in the first half of 2000 from comparable 1999 levels, reflecting strong recoveries in Asia (excluding Japan) and improved conditions in Mexico—now the state's leading foreign market—and Europe. Electronics and other equipment manufacturing seem to be the major beneficiaries of the overseas turnaround.

Export Growth Top Ten California Markets 1st Half 1999-2000

Top Ten account for 75% of California-made exports



Aerospace has resumed its slide, and has now lost more than 63 percent of estimated peak 1988 jobs. Industry consolidation and further cuts in defense procurement outlays point to more weakness next year. There are some glimmers of light on the horizon—Boeing's apparent success in the commercial aircraft refitting business should be a plus, and replacement needs point to a modest pickup in procurement spending as the decade unfolds.

Construction-related manufacturing—stone, clay, glass; wood products; fabricated metals—has been relatively strong. Apparel has stabilized, and food processing has managed modest gains despite problems in the canning industry.

The surge in trade is evident in a 10 percent jump in water-borne transportation jobs. In the financial sector, ongoing losses in banking and lending institutions have been offset by strong gains in stock brokerage and mutual fund companies. In government, federal defense employment continues to drop, partially offset this year by temporary Census activity. State and local governments continue to add jobs, especially in education.

The Year Ahead.

As in the nation, growth in California should moderate next year. In particular, the surge in computer services, especially the Internet, seems to have cooled. As recovering Asian economies settle into a more sustainable pace, export growth will slow from this year's exceptional pace.

With nonresidential permit activity having slowed considerably this year, gains in construction employment are also likely to moderate in 2001.

Overall, job growth of about 3 percent is expected next year, somewhat slower than this year estimated 3.7 percent pace.

Despite strong demand pressures, residential construction will continue to struggle with local land use policies, especially as they affect multi-family and higher density single-family projects. In the Bay Area and in parts of coastal Southern California, the scant supply and high cost of housing may already be restricting economic growth. Although demographic and job-related demand is well above 200,000 units annually, the best that can be expected in 2001 is 160,000 units--but realistically less.

As noted, California personal income growth this year has been boosted to double-digit growth by an unprecedented surge in stock option activity. (The difference between the option and market price of a stock is counted as wages at the time the option is exercised.)

Corporate SEC filings and our own income tax withholding experience strongly suggest that the drop in the technology-oriented NASDAQ market has encouraged option holders to cash in before values are eroded further. Through October, income tax withholding receipts are running 20 percent higher than in 1999, which in turn was up by 14 percent over 1998.

The question is, at what point is the backlog of "in the money" options exhausted?

Put another way, could a drop in option activity actually subtract from income growth in 2001? To illustrate,

a baseline forecast combining, say, 3 percent job growth and a 4 percent increase in average compensation, coupled with somewhat slower gains in various non-labor components of income, might lead to a 6 to 6½ percent growth expectation for the year ahead. But such a forecast implicitly assumes that the current extraordinary level of option gains will continue next year, an assumption that could easily prove too optimistic.

Taxable sales have largely reflected the strong growth of income over the last two years, rising by 10 percent in 1999 and by roughly 10½ percent this year. In line with more modest income expectations, taxable sales growth in 2001 is more likely to be in the 5 to 6 percent range.



Background: The National and Global Economies

The U.S. economy is showing more than a few signs of slowing down in the second half of 2000. Six interest rate hikes in the last fifteen months have started to bite. Third quarter GDP growth is estimated to be 2.7% following a 5.6% rate in the second quarter. There is an underlying trepidation about inflation from the recent spike in oil prices and increasing tightness of labor markets. The stock markets have shown greater volatility and little progress for several months. The key issue is whether the economy will slow down to a soft landing in the coming months or factors beyond our control will lead to a sudden end to the long-running expansion of the U.S. economy.

While the trends in consumer expenditures and productivity are higher, there is evidence of a slowdown in the jobs market. Other evidence on the state of the economy is providing mixed signals. Factory orders have declined but industrial production has continued to grow in the middle of the year albeit at a slower rate.

The recent hike in energy prices potentially poses a serious threat to the long running expansion of the U.S. economy and continued growth in Europe and Asia. However, if oil prices fall below \$30 a barrel in the next few months, the scenario for improved growth and structural reform of industry in Europe and Asia too can remain on course. In fact, this is the assumption that we have used for our model forecasts.

The softer trend in the U.S. economic data suggests that the Federal Reserve will remain on hold for the near term. The scenario of soft landing is a harder sell since it is not easy to steer the largest economy in the world with any kind of fine-tuning. For the purposes of this forecast, we have projected a slower growth of the U.S. economy in the second half of 2000 and into the beginning of 2001. On an annual basis, real GDP is expected to grow at a 5.1% rate in 2000, followed by 3.1% in 2001. Forecasts of the other macro variables used in our regional analysis show a similar pattern.

Outlook for the Southern California Region in 2001-2002

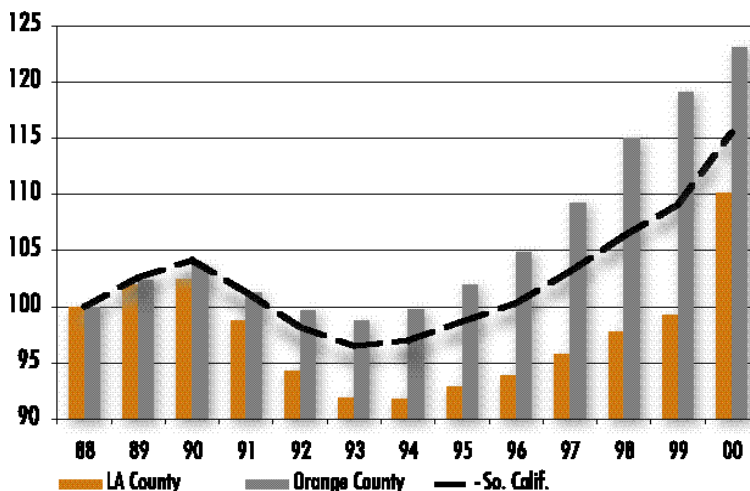
The IEES Leading Economic Indicator for Southern California has been sloping down for the last three quarters, indicating slowing job growth in the region at least through the first half of 2001. During the first seven months of 2000, from January to July, non-farm payroll jobs in the six-

county Southern California region (Los Angeles, Orange, Riverside, San Bernardino, Ventura, and Imperial) grew at an annual rate of 187,000 compared to 169,900 in the same period a year ago. Most of this increase was due to gains in Los Angeles County. Every other county in the region had slower job growth in 2000 compared to 1999. For all of 1999 the region added 166,000 payroll jobs, an increase of 2.6%. It is projected that the gain in payroll jobs in 2000 will be 180,200, or 2.7%, and 193,000, or 2.9% in 2001. While all the counties in the region are expected to contribute, L.A. will retain the lion's share of the increase in jobs (Figure 1)

Employment as measured on the Household Survey (rather than employer payroll) basis grew by 229,114 in the January to July period in 2000 compared to a gain of 146,843 in the same period in 1999. While this measure of employment is subject to greater volatility and is not seasonally adjusted, it does indicate a much greater increase in the number of self-employed in the region. The unemployment rate in the region was 5.4% in 1999. It is projected to be 5.4% in 2000 and 5.3% in 2001.

Figure 1

Payroll Employment Index 1988 = 100



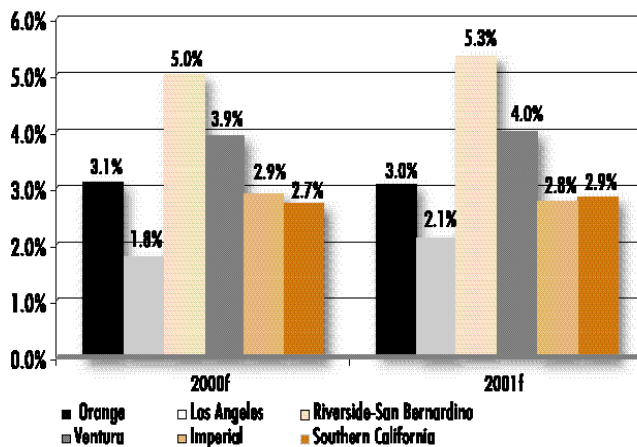
For the region as a whole, in 1999 the fastest growing sectors were construction, transportation and public utilities, finance, insurance and real estate, government and services, in that order. The housing sector in Southern California continued its impressive growth of the last two years. Construction industry employment increased by 9.8% in 1999 following an 11.4% increase in 1998. Total housing permits rose by 8,900 for a 20.2% increase and residential and non-residential valuation increased by 22.8% and 17%, respectively. It is projected that construction employment will increase by 7.5% in 2000 and 7.8% in 2001. Permits and construction expenditures too will generally keep pace, though given the slowdown in

Anil K. Puri,
Ph.D.
Co-Director,
Institute for
Economic and
Environmental
Studies and
Dean, College
of Business and
Economics
California
State
University,
Fullerton

the national economy and higher interest rates in the second half of 2000 there will be some moderation in these levels.

Figure 2

Payroll Employment Growth (Percent)



The housing situation in California, and particularly Southern California, is quite different from that of the nation as a whole. California generated about two non-farm payroll jobs in the 1990s for each housing permit authorized, including single-family and multi-family units. But since 1995 the state and the region have deviated sharply from this long-run average.

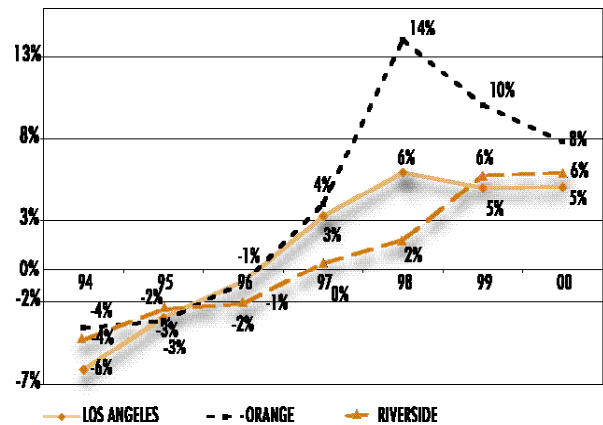
Ratio of Jobs/Housing Permits, 1995-99 Average

Orange County	4.31
Los Angeles	5.90
Riverside-San Bernardino	2.52
Ventura	2.38
Imperial	1.74
Southern California	3.70

Housing prices had a third year of impressive growth. While the largest increase in quality-adjusted housing prices took place in Orange County in 1999 and 2000, Los Angeles County prices are expected to catch up to some degree during the next few years; housing construction in the county is lagging behind the rest of the region

Figure 3

Annual Housing Price Change (Percent)



Los Angeles County's payroll employment growth this year has jumped to an average gain of 86,786 per month in the January to July period, compared to about 55,700 registered during the same period last year. On an annual basis the county gained a total of 61,792 in all of 1999, for a 1.6% growth rate. It is expected the increases will be 71,400, or 1.8%, in 2000 and 87,300 in 2001, or 2.1%. The county economy seems to have gained momentum in 2000 while the national economy was slowing down.

On the household survey basis, employment has shown even more impressive gains: an increase of 111,543 in the January to July period this year compared to a much smaller increase of 24,286 last year. The unemployment rate in the county dropped to 5.9% in 1999 compared to 6.6% in 1998. It is expected that this rate will be 5.6% in 2000 and also 5.6% in 2001. The difference between the payroll and household employment gains is due to the growing number of self-employed people.

While the largest absolute increase in employment in 1999 was in the services sector, the largest percentage gains (5.6%) took place in the construction sector. The regional trend of strong expansion in the construction sector was evident in Los Angeles County as well. Housing permits grew by 2,671, or 22.8%, while the residential and non-residential construction valuations grew by 17.5% and 17.6%, respectively. Given the higher interest rates and a slowing economy these trends are expected to moderate in the next two years, but housing activity will continue to grow at a healthy pace.

Of the 24,800 (1.9%) job gain in the services sector in 1999, one third (7,700) was generated in the business service category. This is a

much smaller increase than the gain of 16,983 recorded in 1998. But given the increased momentum of the county economy this year, we expect total services sector employment to grow by 28,800, for a gain of 2.2%, in 2000 and 32,400, or 2.4% in 2001. Retail trade employment was up by 11,100, or 1.9%, in 1999. It is expected to grow by 1.2% in 2000 and 1.5% in 2001. The finance, insurance and real estate sector generated 2.3% more jobs in 1999 than in 1998, and is expected to rise by a further 1.2% in 2000 and 1.7% in 2001. The transportation sector's employment grew by 4.0% in 1999 and is expected to show a similar increase in 2000.

Surprisingly, employment in the manufacturing sector in Los Angeles County dropped by 2.8% following three years of growth. Both the durable and non-durable goods sectors lost jobs. The losses were pervasive and affected almost all major categories. Given the current weakness in the national economy, there is little likelihood of any major change in this trend during the next few years.

Overall, Los Angeles County is projected to generate 431,300 payroll jobs during the next five years (2000-2004), for an annual rate of increase of 2.1%.

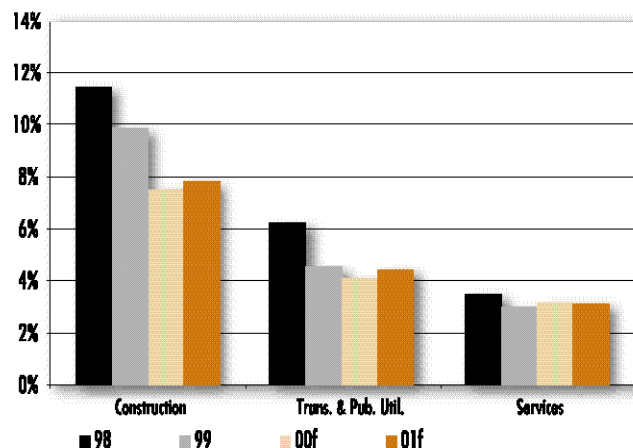
Payroll employment in **Orange County** grew by 45,900, or 3.5% in 1999. Given the slowing trends nationally and locally, we expect that payroll jobs will increase by 41,900 in 2000 and 41,000 in 2001 for gains of 3.1% and 3.0%, respectively.

The unemployment rate in Orange County stood at 3.1% in July 2000 compared to 3.0% in July 1999. For the year 1999 the unemployment rate was 2.7%. It is expected that this rate will rise to 2.9% in 2000 and stay at 2.9% in 2001. These rates are considerably below the county's 4.6% average unemployment rate during the decade of the nineties, and they suggest little if any easing in the county's tight labor market.

With the exception of manufacturing, all major sectors of the county economy had healthy growth. Construction employment led the trend with a 12% increase in 1999 on top of a 12.8% rise in 1998. Housing permits had a hefty increase of 22.2% while residential construction expenditures rose by 21.4%. Growth in non-residential construction was only 5.5% in 1999 but that came after a whopping increase of 41.9% in 1998. We expect that the strong trend in construction will moderate in the near term given the likelihood of higher interest rates in the second half of 2000. Our forecast calls for construction employment to grow by 7.7% in 2000 and 5.6% in 2001.

Figure 4

Employment Growth in Selected Industry Sectors (Percent)



Employment in the manufacturing sector declined last year by 1.2% after increases of 5.3% in 1997 and 4.2% in 1998. The drop was due to weakness in the durable goods sector. While jobs in the communications equipment and electronic instruments category continued their double-digit growth of 10% or more for the last three years, computer and office equipment employment fell by 6.7% in 1999.

The services sector continues to lead the county's economy in creating the largest number of jobs—20,267 in 1999 after an increase of 22,875 in 1998. This is almost 48% of the total jobs created in the county in 1999. Half of these jobs were in the business services category, followed by engineering and management. The trade sector gained 9,100, or 2.8%, in 1999 mostly in the retail sector. Finance, insurance and real estate sector employment increased by 4% following double-digit increases in the previous two years. We expect continued growth in all of these sectors both this year and next, as indicated in the forecast tables. While the growth in the construction sector is expected to moderate somewhat the services, trade, and government sectors will continue to outperform other areas.

Orange County's total payroll employment over the next five years (2000-2004) is projected to grow at a 3.0% annual rate, generating a net increase of 213,000.

The **Riverside-San Bernardino** area, or the **Inland Empire**, in 2000 has kept pace with its job growth in 1999. The total employment increase for the year 1999 was 51,350 or 5.8%. We expect the region to continue its vigorous growth, adding 46,900 more jobs in 2000 and 52,200 in 2001 for increases of 5.0% and 5.3%, respectively.

The unemployment rate in the Inland Empire stood at 6.4% in 1999. We anticipate that it will rise to 6.6 % this year before falling to 6.2% in 2001. The growth in employment continues to be driven by population increases in the region.

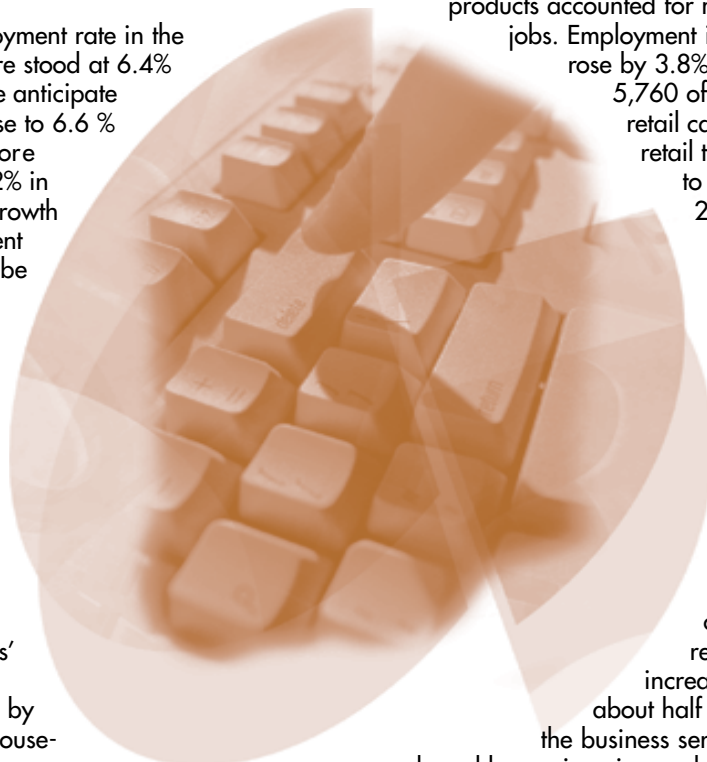
Employment growth in the construction industry is the fastest among the major sectors' growth. It is being driven by substantial household and commercial demand. Employment in the industry rose by 15.1% in 1999 on the heels of an increase of 16.7% in 1998. Housing permits in 1999 increased by 2,247, following three consecutive years in which the number of permits issued was over ten thousand units. Residential and non-residential valuations were up by 21.4% and 5.5%, respectively, in 1999. We expect these rates to come down significantly in 2000, as indicated in the forecast tables, given the general slowdown in economic activity and the higher interest rates. Construction employment too is expected to moderate slightly—to growth rates of 14.0% in 2000 and 14.7% in 2001.

Unlike Los Angeles and Orange counties, the Riverside-San Bernardino area added jobs in the manufacturing sector this past year. It gained 6,875 jobs, more than two-thirds of which were in the durable goods category. Furniture and fabricated metal products categories were the big gainers. In the non-durable goods category, rubber and related products accounted for more than half the jobs. Employment in the trade sector rose by 3.8%, or 8,500 jobs, 5,760 of which were in the retail category. We expect retail trade employment to further increase by 2.4% in 2000 and 2.6% in 2001.

The services category added the largest number of jobs in the Inland Empire, 14,000, for a 6.0% increase in 1999.

Mirroring the trends in the rest of the SCAG region, of the total increase of 14,000 about half was attributable to the business services category, followed by engineering and management services. We expect this trend in the services sector to continue, with increases of 5.6% in 2000 and 5.9% in 2001. Transportation and the Finance, Insurance and Real Estate (F.I.R.E.) sectors too will expand, albeit at somewhat lower rates following the pattern of the national economy.

Our forecast is that the Inland Empire region will create 281,600 payroll jobs over the next five years (2000-2004) for an annual rate of increase of 5.4%.



Non-farm payroll jobs in **Ventura County** increased by 10,600 for a 4.2% increase in 1999. We expect the county to gain a total of 10,400 jobs in 2000, a 4.0% increase. Our forecast for growth in 2001 is also 4.0%. The unemployment rate in the county was 4.7% in 1999. This figure is expected to rise a bit in 2000, to 5.1%, then improve to a 4.4% unemployment rate in 2001.

The construction sector employment grew by 14.4% in 1999, following a 13.4% increase in 1998. Housing permits increased by 960, a sharp 30.2% gain, while the residential and non-residential valuations grew by 30.3% and 25.8%, respectively. Given the slowing trend in the Southern California region in the construction sector we expect Ventura County increases to slow down. However, in view of the substantial recent building in the county, it is possible that construction may buck the trend. Other sectors to show significant growth in the recent period were non-durable manufacturing and transportation and utilities. Ventura County, according to our projections, will create 67,500 payroll jobs over the next five years (2000-2004), for an annual rate of increase of 4.7%.

Non-farm employment in **Imperial County** was growing at an annual rate of 830 positions during the January to July period in 2000, a rate much slower than that in 1999. Nevertheless, we project an increase of 1,060 jobs, or 2.9%, in 2000 compared to 1,000, also 2.9%, in 1999. A gain of 2.8% is projected for 2001.

Over the next five years (2000-2004), Imperial County is projected to increase its payroll employment total at an annual rate of 2.7%, producing 5,260 additional jobs.

CSUF Forecast Summary

Several signs of slowdown in the national and state economies have become evident in the second half of 2000. Yet the conditions for continuing expansion remain in place. Recession or sharply higher inflation in the near term is not expected, oil price hikes and the high exchange value of the dollar pose challenges in the coming year. The national economy is expected to grow at a 3.1% annual rate in 2001, down from 5.1% this year. In Southern California, payroll employment is expected to grow at 2.7% in 2000 and another 2.7% in 2001. The CSUF forecast for the next five years (2000-2004) in the region is a very respectable annual growth rate of 2.9 percent.

CSUF
Economic
Forecast
for the
Southern
California
Region

Southern California
Historical
Data

	1995	1996	1997	1998	1999
<i>Levels in Thousands</i>					
Population					
Total Population	15,769.2	15,888.3	16,141.0	16,373.5	16,619.1
Annual Percentage Change	0.8%	0.8%	1.6%	1.4%	1.5%
Household Employment					
Labor Force	7,413.93	7,454.47	7,667.09	7,910.82	8,024.41
Total Employment	6,845.94	6,895.80	7,181.73	7,444.37	7,589.21
Total Unemployment	567.98	558.67	485.37	466.45	435.20
Unemployment Rate	7.7%	7.5%	6.3%	5.9%	5.4%
Wage & Salary Employment					
Total Payroll Employment	5,949.4	6,048.2	6,218.0	6,408.9	6,574.9
Mining	9.8	9.6	9.2	8.0	7.1
Construction	215.3	218.3	232.2	258.8	284.2
Manufacturing	969.6	987.5	1,023.1	1,042.5	1,031.4
Durable Goods	567.3	580.3	608.3	628.1	616.1
Nondurable Goods	402.3	407.2	414.8	414.4	415.2
Transportation & Public Utilities	297.9	300.4	310.5	329.8	344.6
Total Trade	1,400.5	1,417.5	1,454.7	1,486.1	1,517.3
Wholesale Trade	393.0	398.2	413.4	424.9	432.5
Retail Trade	1,007.6	1,019.3	1,041.4	1,061.2	1,084.8
Finance, Real Estate & Insurance	349.6	346.6	356.5	373.2	384.7
Services	1,823.9	1,881.5	1,933.8	2,000.8	2,060.4
Total Government	882.8	886.9	897.9	909.7	945.2
Percentage Change					
Total Payroll Employment	1.7%	1.7%	2.8%	3.1%	2.6%
Mining	-8.3%	-3.0%	-4.2%	-12.4%	-11.2%
Construction	5.2%	1.4%	6.4%	11.4%	9.8%
Manufacturing	0.3%	1.8%	3.6%	1.9%	-1.1%
Durable Goods	-0.8%	2.3%	4.8%	3.3%	-1.9%
Nondurable Goods	1.9%	1.2%	1.9%	-0.1%	0.2%
Transportation & Public Utilities	1.9%	0.8%	3.4%	6.2%	4.5%
Total Trade	2.4%	1.2%	2.6%	2.2%	2.1%
Wholesale Trade	3.5%	1.3%	3.8%	2.8%	1.8%
Retail Trade	1.9%	1.2%	2.2%	1.9%	2.2%
Finance, Real Estate & Insurance	-6.4%	-0.9%	2.9%	4.7%	3.1%
Services	3.9%	3.2%	2.8%	3.5%	3.0%
Total Government	0.7%	0.5%	1.2%	1.3%	3.9%
<i>Levels in millions</i>					
Personal Income					
Personal Income	360,417	377,814	399,413	425,616	455,873
Annual Percentage Change	4.6%	4.8%	5.7%	6.6%	7.1%
Per capita income (\$)	22,856	23,779	24,745	25,994	27,431
Taxable Sales					
Total taxable sales	139,044	146,977	155,391	164,011	179,180
Year to year percentage change	3.8%	5.7%	5.7%	5.5%	9.2%

	2000f	2001f	2002f	5 Yr. Change (99-04)
<i>Levels in Thousands</i>				
Population				
Total Population	16,878.8	17,120.6	17,357.5	1,202.6
Annual Percentage Change	1.6%	1.4%	1.4%	1.4%
Household Employment				
Labor Force	8,191.8	8,345.9	8,515.9	783.13
Total Employment	7,749.2	7,906.6	8,054.5	781.81
Total Unemployment	442.5	439.3	461.5	1.32
Unemployment Rate	5.4%	5.3%	5.4%	
Wage & Salary Employment				
Total Payroll Employment	6,755.0	6,948.1	7,139.0	1,007.2
Mining	7.1	6.8	6.5	(1.1)
Construction	305.5	329.3	357.8	137.2
Manufacturing	1,036.7	1,050.1	1,056.5	48.7
Durable Goods	616.0	624.7	626.3	20.3
Nondurable Goods	420.7	425.4	430.2	28.4
Transportation & Public Utilities	358.5	374.2	389.8	79.0
Total Trade	1,546.5	1,575.1	1,603.8	142.7
Wholesale Trade	441.3	449.6	456.8	35.1
Retail Trade	1,105.2	1,125.5	1,147.0	107.6
Finance, Real Estate & Insurance	392.5	401.7	411.4	44.0
Services	2,124.8	2,191.0	2,254.8	333.9
Total Government	983.5	1,020.0	1,058.4	222.8
Percentage Change				
Total Payroll Employment	2.7%	2.9%	2.7%	2.9%
Mining	-0.2%	-3.6%	-5.6%	-3.4%
Construction	7.5%	7.8%	8.6%	8.2%
Manufacturing	0.5%	1.3%	0.6%	0.9%
Durable Goods	0.0%	1.4%	0.3%	0.7%
Nondurable Goods	1.3%	1.1%	1.1%	1.3%
Transportation & Public Utilities	4.0%	4.4%	4.2%	4.2%
Total Trade	1.9%	1.8%	1.8%	1.8%
Wholesale Trade	2.0%	1.9%	1.6%	1.6%
Retail Trade	1.9%	1.8%	1.9%	1.9%
Finance, Real Estate & Insurance	2.0%	2.3%	2.4%	2.2%
Services	3.1%	3.1%	2.9%	3.0%
Total Government	4.1%	3.7%	3.8%	4.3%
Levels in millions				
Personal Income				
Personal Income	489,150	520,657	551,100	152,944
Annual Percentage Change	7.3%	6.4%	5.8%	6.0%
Per capita income (\$)	28,980	30,411	31,750	-
Taxable Sales				
Total taxable sales	197,846	213,521	229,296	80,776
Year to year percentage change	9.9%	7.7%	7.1%	7.4%

Forecast Data
for Southern
California

The Region in Review

The Southern California regional economy, which we define for modeling purposes as the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura,¹ continued to post impressive employment growth in 2000. The region, which began its economic recovery in 1994, continued to generate jobs at a faster clip than the nation for the fourth consecutive year. As Figure 1 indicates, our estimate of regional employment growth is 2.8 percent for 2000, while the nation should grow at 2.2 percent. We expect the region to continue to post more rapid employment growth than the nation throughout our near-term forecast horizon. While Southern California was slow in joining the national economic expansion, the regional expansion is now very well established. As we had predicted earlier, regional employment growth peaked in 1998, with an annual rate of job creation of 3.1 percent. Employment growth in 1999 and 2000 was slightly off the 1998 pace—2.7 and 2.8 percent respectively.

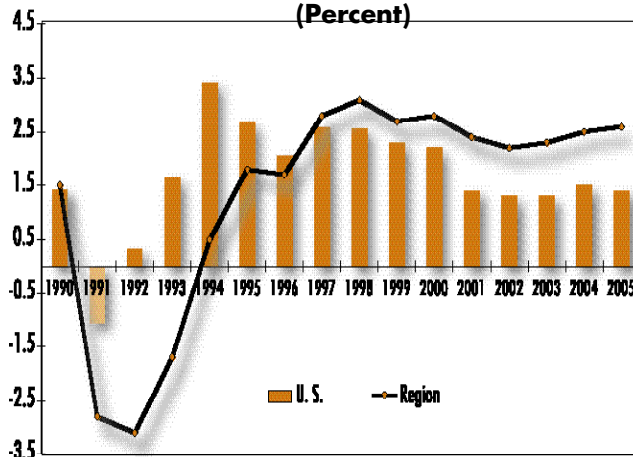
Employment growth this year looks much the same as 1999. All of the major sectors except mining and durable goods manufacturing have posted healthy employment gains. From the second quarter of 1999 to the second quarter of 2000, the region added about 184,000 new jobs. The largest generator of jobs has been the services sector, with 68,000 jobs. The services sector position as the largest generator of jobs has been an often-repeated refrain throughout this expansion for both the region and the nation. Business services once again led all of the services sub-sectors in job creation, with 32,000 new jobs. Health services, private education services, amusement and recreation services, and engineering and management services all posted gains in excess of 4,000 new jobs. Motion picture employment, which slowed in 1999, added over 3,000 new jobs by mid-2000. The strong national recovery again fueled gains in the tourism-related sectors of the regional economy.

Table 1

Employment Growth by Sector, Southern California Region				
	Q2-1999	Q2-2000	Gain	Rate (%)
Mining	7,200	6,867	(333)	-4.6
Construction	276,934	301,234	24,300	8.8
Durable Manufacturing	617,134	611,667	(5,467)	-0.9
Nondurable Manufacturing	416,433	418,367	1,934	0.5
Transportation, Commun. & Utilities	340,366	355,668	15,302	4.5
Wholesale Trade	431,367	440,067	8,700	2.0
Retail Trade	1,070,667	1,092,600	21,933	2.0
Finance, Insurance, & Real Estate	384,567	390,300	5,733	1.5
Services	2,052,934	2,120,600	67,666	3.3
Federal Government	95,567	106,266	10,699	11.2
State & Local Government	844,934	878,401	33,467	4.0
Total Nonfarm Employment	6,538,103	6,722,037	183,934	2.8

Figure 1

U.S. and Regional Employment Growth (Percent)



Construction employment once again posted healthy employment gains in 2000, adding 24,000 jobs, an annual rate of 8.8 percent. While this is off from the torrid pace of the last two years, it is nevertheless an impressive accomplishment. The combination of the long national economic expansion, strong growth in regional income, and relatively attractive interest rates has fueled the demand for housing. The recent increases in the federal funds rate represent an attempt by the Fed to slow the economy, especially the interest sensitive sectors. While we will see some slowing in job growth, construction employment should remain strong. Part of this strength comes from a large number of ongoing infrastructure projects such as the widening of freeways and the Alameda Corridor project, along with buoyant commercial construction.

¹ A separate table and text covering Imperial County, the sixth county in the SCAG region, appears on p. 19.

Strong gains in regional income and prospects for continued economic growth have been good news for the region's retailers.

Employment in retail trade over the past year increased by 22,000 jobs, or at an annual rate of 2.0 percent. Much of this gain was in building materials and gardening supplies, sales closely associated with the housing boom. Eating and drinking establishments have also added significantly to their job totals, reflecting the strength of the region's hospitality sector and gains in regional income. Employment growth in wholesale trade matched the 2.0 percent pace of retail trade. Of the 8,700 new jobs generated in wholesale trade, 60 percent were in durable goods. A portion of this growth is related to the activities of the twin ports of the San Pedro Bay, which again set records during the last two years.

Transportation, communications and utilities (TCU) employment grew at an annual rate of 4.5 percent between June 1999 and June 2000, or about the same level as last year. Most of this growth was in transportation, notably in trucking and warehousing employment, and reflects the region's vitality and importance as a distribution center. Like durable goods, wholesale trade employment was affected by the unprecedented growth of the twin ports of Long Beach and Los Angeles, which account for approximately one-third of all U.S. foreign container traffic. In addition, important innovations in supply chain management continue to influence the manner in which goods are moved and distributed. The communications sector continues to post employment gains as well. These gains are tied to technological changes and a changing regulatory environment. Internet connections, wireless communication, cable, and pay-per-view entertainment are several examples of new communication services. The utility component of TCU has shown only modest growth to date.

The finance, insurance and real estate employment generated 5,700 new jobs between mid-1999 and the middle of this year. This sector continues to record job losses in the traditional depository institutions component. While some of this employment decline is associated with the consolidation of the banking sector, much of it is associated with the increasing use of technology in banking services. Modest gains in brokerage employment and holding company and other investment employment were sufficient to offset the loss of employment in depository institutions. Gains in real estate and insurance helped to raise the annual rate of growth in FIRE to 1.5 percent.

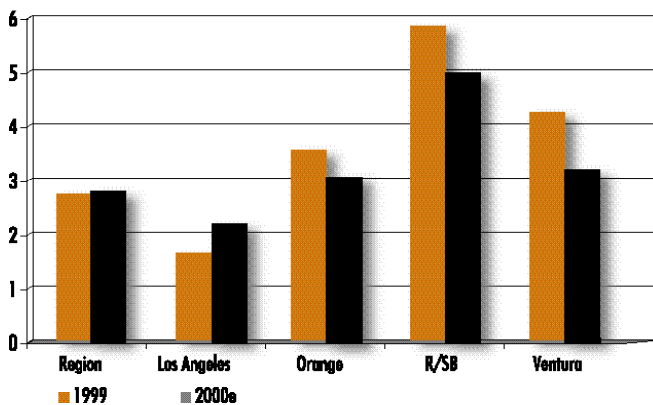
Education grew by a whopping 5.5 percent at the end of the second quarter, much of this reflects a temporary employment spike associated with the 2000 census. We expect federal employment growth, once adjusted for the census employment, to be very modest. State and local employment growth is a different story. To date, state and local government has added 34,000 jobs, growing at an annual rate of 4.0 percent. This gain, as in prior years, occurred in school districts. The challenge of adding more teachers to service the increased enrollment as well as to reduce class size will continue for many years. Additionally, both the state and many local government budgets are flush with cash associated with the continued economic expansion. As a consequence, they have restored services that were cut in earlier years or provided additional services to their communities.



While the continued expansion contains much good news for the region, it is not without its problems. Durable goods manufacturing continued to post job losses. Almost 10,000 jobs were lost in Los Angeles County, of which 7,200 were in aircraft and aircraft parts manufacturing. The prospects for these numbers to turn around are not bright. The commercial aircraft manufactured in the region do not have a strong market presence. Unless Boeing diverts some of its production from Seattle to Long Beach, we are likely to continue to see job losses in aerospace. This problem, along with an increasingly competitive international market, has reduced durable goods manufacturing employment by 0.9 percent. Nondurable goods had a slight increase in employment, with a gain of 1,900 new jobs. The outlying counties recorded most of this growth.

Figure 2

County Employment Growth 1999 and 2000e



The distribution of growth across the counties is displayed in Figure 2. Once again, as has been true for all but one year in the current regional expansion, Riverside and San Bernardino counties posted the strongest annual growth of 5.0 percent. This was well below the blistering rate of growth of 5.8 percent set in 1999 for Riverside and San Bernardino counties. Orange County was off its 1999 pace of 3.5 percent, with employment growth of 3.1 percent in 2000. Ventura County, which was in the middle of a building boom in 1999, saw a very solid gain of 3.2 percent but job growth was down from the prior year's 4.2 percent. The good news for Los Angeles County and the region was the county's brighter employment growth of 2.2 percent in 2000, up from 1.6 percent in 1999. Los Angeles County provides more than 60 percent of the region's jobs. Even though we estimate that Los Angeles County will only grow at 2.2 percent in 2000, this represents over 88,000 new jobs, or almost half of the region's new jobs.

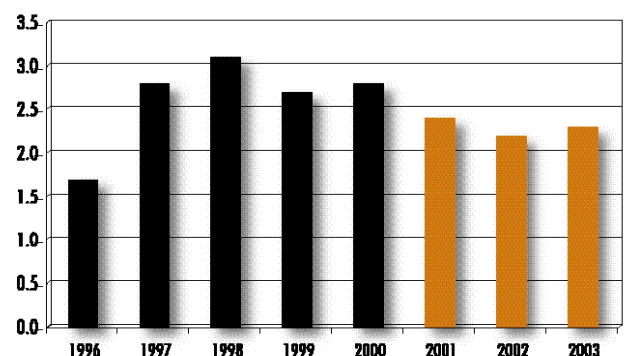
The Regional Employment Forecast

In 2000, the U.S. economy's gross domestic product (GDP) will grow at an annual rate in excess of 5 percent. This will be the strongest economic performance in the longest economic expansion in our history. While this year's performance has been spectacular and while the gains in productivity have been impressive and encouraging, we believe that this level of growth is not sustainable. We expect the national economy to slow, largely in response to the actions of the Fed. We have observed some slowing in the economy, most notably in earnings and other interest sensitive sectors. In the coming years, the economy should drop back to the more sustainable growth in GDP of around 3.5 percent annually. While this represents a slowing, it is important to remember that in the earlier years of the expansion the national economy was growing at the more modest but steady 2 to 2.5 percent level.

With the slowing of the national economy, we are forecasting more moderate regional employment growth, as indicated in Figure 3. We expect job growth to fall to 2.4 percent in 2001 from its 2.8 percent pace in 2000. For the remainder of the near-term, we expect employment growth to continue at 2.3 to 2.6 percent. While this clearly indicates a slowdown, by all reasonable accounts these are still very healthy growth rates for our regional economy. More importantly, as indicated in Figure 1, these growth rates are markedly higher than the national rate of job formation. Southern Californians will remain in an envious position as this economic expansion continues.

Figure 3

Regional Total Nonfarm Employment Growth

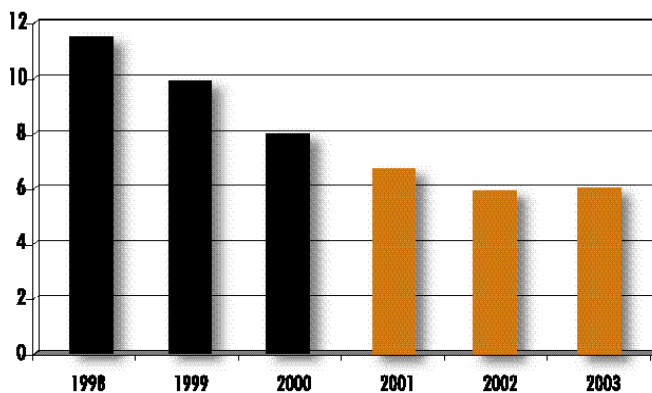


Some of the bright spots in the economy will be construction, state and local government, transportation, communication and public utilities (TCU), and services. Construction employment growth in the region peaked at 11.5 percent, in 1998. We have seen some letup in this sector, but we believe that it will remain strong. It will not post the double-digit gains of recent years, but we expect gains in the 6.0 to 7.0 percent range, as indicated in Figure 4. With a prosperous economy and continued job growth, the housing market will remain strong. Population growth is forecast to rise from 1.5 percent to 1.8 percent over the near-term. These gains bode well for construction employers and workers.

Employment in the aggregate transportation, communications, and public utilities sector should gradually slacken, from 4.3 percent in 2000 to about 2.7 percent in 2002-03. Changing technology has fueled the employment growth in communications in recent years. Much of the hiring, which is necessary to upgrade the communications infrastructure, has already taken place, so we look for employment growth to slow. The expansion in trucking and warehouse activities is also likely to ease from the high levels of prior years. Increased congestion between the ports and the distribution centers in the outlying counties will constrain employment growth.

Figure 4

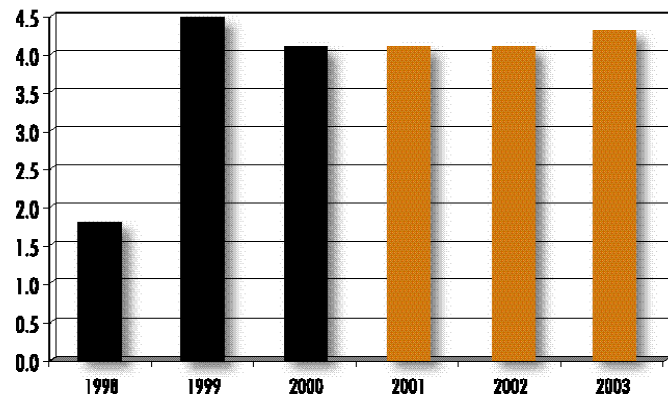
Construction Employment Growth



The gains in state and local government employment will continue. As indicated earlier, much of this increase is driven by school district employment. With additional state monies tied to improved performance as well as enrollment growth, there will be continued hiring growth by school districts. As indicated in Figure 5, we can expect employment growth in state and local government to increase at around the 4 percent level. Over the next three years, our forecast calls for an additional 110,000 new state and local government jobs. As for federal employment, the current year is an anomaly due to the census. Job losses in federal government will continue, although at a very modest pace.

Figure 5

State and Local Government Employment Growth

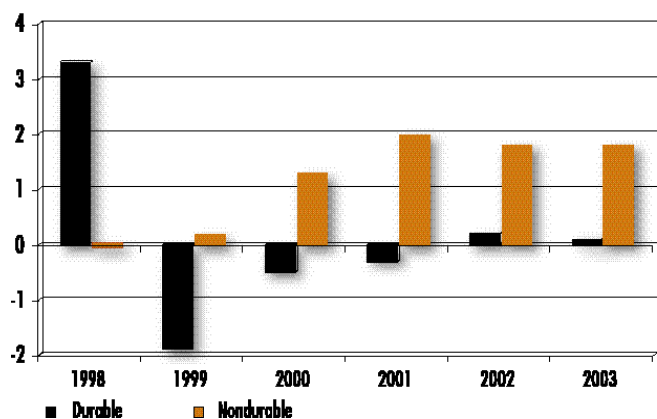


Services employment, which has been the mainstay of employment growth in this region throughout the expansion, will slow from around 3 percent to 2.3 to 2.5 percent. Again, this deceleration is tied to the drop in the national economy's growth rate. Nevertheless, we expect services employment to add 155,000 jobs over the next three years. Services will continue to be the largest component of job growth for the region.

While manufacturing has not performed well in the recent period, we expect a modest turnaround in this sector. As indicated in Figure 6, we anticipate very modest but positive rates of employment growth in both durable and nondurable manufacturing by the year 2002. One key factor is foreign trade. As the economic vitality of our trading partners continues to improve and as the dollar slowly depreciates, we expect the export picture to brighten. The combination of rising foreign income and a more competitive dollar will improve the position of the nation's and region's manufacturers.

Figure 6

Manufacturing Employment Growth

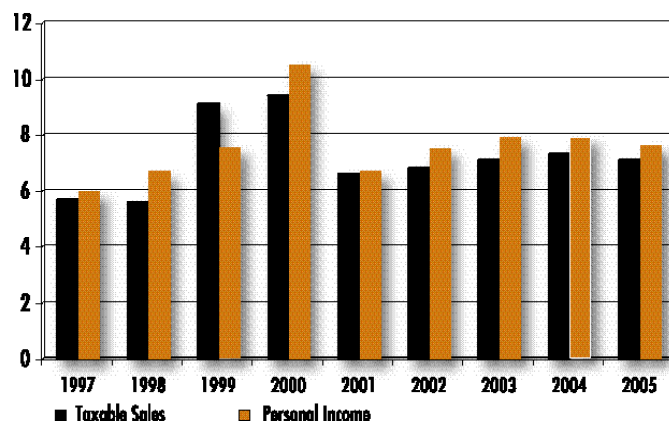


The aggregate finance, insurance and real estate sector will continue to post only modest gains in employment over our forecast horizon. We continue to expect job losses in depository institutions due to the increased utilization of technology as well as consolidation and mergers in the banking industry. Job growth in insurance and real estate, however, will continue to offset the losses in finance. Expect employment growth of about 1 percent. In retail and wholesale trade employment, we expect only modest gains. Retail employment growth should hold close to 2.0 percent, while employment in wholesale trade should drop below the 1.0 percent mark.

Figure 7 contains the growth rates of taxable sales and personal income for the region. As one would expect, the two series track closely with one another. Given the recent strength of the national expansion and robust regional employment growth, taxable sales and personal income growth rates are likely to peak in 2000. As the national economy slows to a more sustainable growth path, we expect taxable sales and personal income growth to moderate some, with taxable sales dropping to around 7 percent and personal income growing at almost 8 percent.

Figure 7

Regional Taxable Sales and Personal Income Growth



Building permits for single family residences have been over the 30,000-unit mark since 1997. With the housing boom, we have seen several years of double-digit growth in the region recently. However, with the Fed's push to raise the federal funds rate to move the GDP growth rate lower, we expect this interest rate sensitive sector to slow. Again, we anticipate a very moderate slowing. While interest rates are important in the housing market, the bright regional employment picture, the continued growth of personal income, and the growth in population suggest that housing demand will remain strong. We expect single family building permits to trail off to 35,000 units annually between now and 2002, and then to rebound to approximately 38,000 units by the end of our forecast horizon.

While we are anticipating a less vigorous expansion in the region's economy during the next couple of years, as the national economy moves to a sustainable growth path, the overall outlook for the region remains very bright. The pattern of the last several years, in which the Southern California economy grows at a faster pace than the national economy, will continue over the forecast horizon.

Imperial County

The economy of Imperial County, unlike the other counties within the Southern California region, has a much stronger and more important agriculture component. The climate in the Imperial Valley, with its mild winters and hot summers, is an ideal environment for year-round farming. In addition to its own population base, Imperial County is able to augment its workforce by its proximity to Mexicali, Mexico. Approximately 20,000 day-workers are able to cross the border and legally work in the United States.

Agricultural Output and Employment

Although Imperial County has a population of 142,700, representing less than one half of one percent of the total population of the State of California, Imperial County's agricultural employment accounts for almost 4 percent of the state's agricultural employment. In 1998, Imperial County's farmers and ranchers produced \$1.08 billion of agricultural goods. Vegetables, field crops, cattle and livestock products are important components of the county's output, collectively accounting for over 80 percent of total agricultural production.

Nonfarm Employment

The composition of Imperial County's nonfarm employment is quite different than that of the region. In 1999, employment in agriculture and state and local government combined accounted for over 55 percent of the county's employment versus 13.5% in the rest of the SCAG region. One quarter of employment is in the state and local government sector. The relatively large number of prisons

and prison employees in the county accounts for the dominance of this sector. As a consequence, when we track and forecast Imperial County's employment we focus on three main components: agriculture, state and local government, and all other sectors.

The Outlook for Imperial County in 2001-2002

Exports are a key factor in the outlook for agriculture in the Imperial Valley. In 1999, California's agricultural exports increased by 3.5 percent. Export growth, combined with the health of the regional and state economy, resulted in an employment increase of 11 percent in the agricultural sector. We expect further gains in agricultural employment in the near term, particularly for 2000, with a drop off to more sustainable rates in the next few years. Between now and 2004, state and local government will see gains in the range of 2.5-5 percent. Expansion in this sector reflects the increased revenues that will become available to state and local government agencies.

Our forecast is for employment growth in the remaining sectors to closely follow trends elsewhere in the region. Overall, we expect to see total nonfarm employment growth of 2.5 percent this year, followed by 3.5 percent in 2001. Imperial County saw double-digit growth in retail sales in the last two quarters of 1999. Although we expect this growth to ease, we are looking for continued solid expansion in retail sales—in the range of 6-7 percent annually—through 2002.

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales (\$ Thousands)
EMPLOYMENT AND TAXABLE SALES						
1995	14,484	12,017	21,991	34,008	48,492	980,107
1996	13,817	12,109	22,025	34,133	47,950	1,012,588
1997	13,867	12,450	22,484	34,934	48,800	1,051,327
1998	14,275	12,758	22,650	35,409	49,684	1,105,405
1999	15,850	13,175	23,242	36,417	52,267	1,293,324
2000	17,733	13,514	23,811	37,325	55,057	1,485,652
2001	16,325	14,032	24,581	38,613	54,938	1,573,356
2002	16,739	14,680	25,218	39,898	56,637	1,680,897
2003	17,180	15,380	25,889	41,269	58,449	1,800,713
2004	17,050	16,144	26,668	42,812	59,862	1,917,899
YEAR-TO-YEAR % CHANGE						
1995	4.7	3.7	-4.5	-1.7	0.1	-5.9
1996	-4.6	0.8	0.2	0.4	-1.1	3.8
1997	0.4	2.8	2.1	2.3	1.8	3.8
1998	2.9	2.5	0.7	1.4	1.8	5.1
1999	11.0	3.3	2.6	2.8	5.2	17.0
2000	11.9	2.6	2.4	2.5	5.3	14.9
2001	-7.9	3.8	3.2	3.5	-0.2	5.9
2002	2.5	4.6	2.6	3.3	3.1	6.8
2003	2.6	4.8	2.7	3.4	3.2	7.1
2004	-0.8	5.0	3.0	3.7	2.4	6.5

CSULB
Economic
Forecast
for the
Southern
California
Region

Southern
California
Region
Historical
Data

	1995	1996	1997	1998	1999
<i>Levels</i>					
Mining	9,842	9,550	9,150	8,017	7,117
Construction	213,666	216,700	230,784	257,376	282,859
Durable Manufacturing	566,642	579,724	607,600	627,417	615,284
Nondurable Manufacturing	401,175	406,117	413,733	413,384	414,200
Transportation, Commun. & Utilities	296,009	298,367	308,417	327,809	342,667
Wholesale Trade	391,308	396,550	411,659	422,867	430,442
Retail Trade	1,000,042	1,011,950	1,033,892	1,054,400	1,079,875
Finance, Insurance, & Real Estate	348,392	345,475	355,433	373,050	385,642
Services	1,818,808	1,876,334	1,928,425	1,998,033	2,058,033
Federal Government	107,908	104,400	99,008	95,600	95,417
State & Local Government	761,600	769,025	784,934	799,425	835,509
Total Nonfarm Employment	5,915,392	6,014,191	6,183,034	6,377,376	6,547,043

YEAR-TO-YEAR % CHANGE

Mining	-8.3	-3.0	-4.2	-12.4	-11.2
Construction	5.3	1.4	6.5	11.5	9.9
Durable Manufacturing	-0.8	2.3	4.8	3.3	-1.9
Nondurable Manufacturing	1.9	1.2	1.9	-0.1	0.2
Transportation, Commun. & Utilities	1.9	0.8	3.4	6.3	4.5
Wholesale Trade	3.6	1.3	3.8	2.7	1.8
Retail Trade	2.0	1.2	2.2	2.0	2.4
Finance, Insurance, & Real Estate	-6.4	-0.8	2.9	5.0	3.4
Services	3.9	3.2	2.8	3.6	3.0
Federal Government	-1.9	-3.3	-5.2	-3.4	-0.2
State & Local Government	1.1	1.0	2.1	1.8	4.5
Total Nonfarm Employment	1.8	1.7	2.8	3.1	2.7

Population 15,621,688 15,747,713 15,976,479 16,263,005 16,529,625

Percentage change	0.5	0.8	1.5	1.8	1.6
-------------------	-----	-----	-----	-----	-----

Taxable Sales (in thousands) 138,063,452 145,964,092 154,339,253 162,975,443 177,886,423

Percentage change	3.8	5.7	5.7	5.6	9.1
-------------------	-----	-----	-----	-----	-----

Personal Income (in millions) 357,604 378,298 401,182 428,011 460,214

Percentage change	8.4	5.8	6.0	6.7	7.5
-------------------	-----	-----	-----	-----	-----

Building Permits (Single-Family Resid.) 23,670 26,294 30,880 33,424 37,618

Percentage change	-9.3	11.1	17.4	8.2	12.5
-------------------	------	------	------	-----	------

2000e	2001f	2002f	2003f	2004f
6,879	6,926	7,071	7,319	7,686
305,591	326,368	345,919	366,971	390,258
612,174	610,139	611,513	612,389	618,485
419,510	427,691	435,512	443,205	454,495
357,519	369,281	379,315	389,335	399,500
440,310	445,496	448,907	451,917	454,965
1,103,169	1,125,537	1,145,751	1,166,411	1,188,687
390,047	394,203	401,035	407,175	413,086
2,122,998	2,177,128	2,226,166	2,277,893	2,333,029
103,148	103,445	99,109	98,653	99,234
869,663	905,560	942,870	983,034	1,027,198
6,731,008	6,891,775	7,043,168	7,204,303	7,386,623

Forecast for the
Southern
California
Region

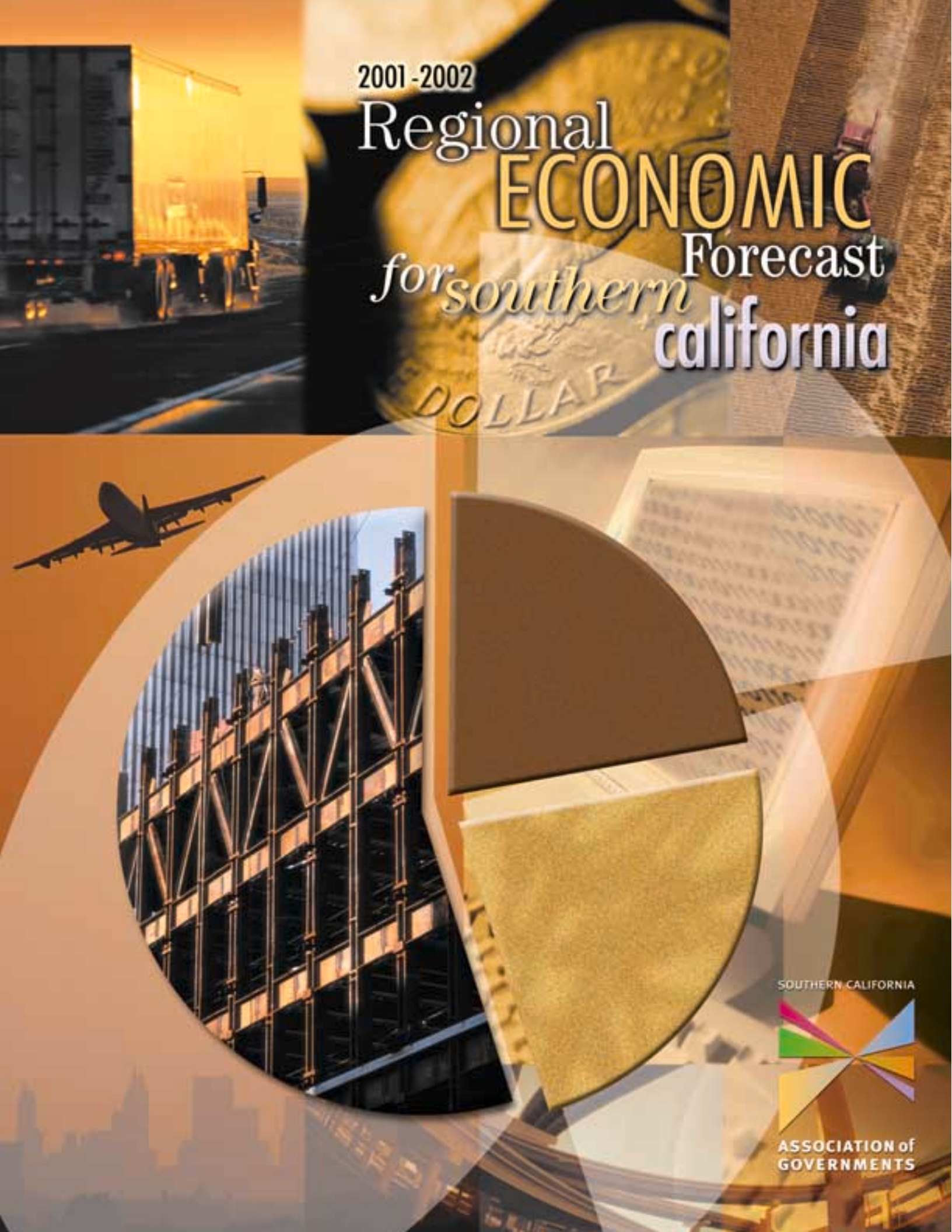
-3.3	0.7	2.1	3.5	5.0
8.0	6.8	6.0	6.1	6.3
-0.5	-0.3	0.2	0.1	1.0
1.3	2.0	1.8	1.8	2.5
4.3	3.3	2.7	2.6	2.6
2.3	1.2	0.8	0.7	0.7
2.2	2.0	1.8	1.8	1.9
1.1	1.1	1.7	1.5	1.5
3.2	2.5	2.3	2.3	2.4
8.1	0.3	-4.2	-0.5	0.6
4.1	4.1	4.1	4.3	4.5
2.8	2.4	2.2	2.3	2.5

16,774,030	17,047,483	17,346,242	17,658,727	17,985,260
1.5	1.6	1.8	1.8	1.8
194,674,377	207,592,312	221,628,863	237,360,483	254,678,859
9.4	6.6	6.8	7.1	7.3
508,603	542,818	583,652	630,028	679,837
10.5	6.7	7.5	7.9	7.9
36,437	35,674	35,716	36,255	37,201
-3.1	-2.1	0.1	1.5	2.6



2001 - 2002

Regional ECONOMIC Forecast *for southern* california



SOUTHERN CALIFORNIA



ASSOCIATION of
GOVERNMENTS

2001-2002

Regional ECONOMIC *for southern* Forecast california

County Forecast Tables
California State University, Fullerton

- 24** Los Angeles County Forecast
- 26** Orange County Forecast
- 28** San Bernardino/Riverside Forecast
- 30** Ventura County Forecast
- 32** Imperial County Forecast

	1995	1996	1997	1998	1999
<i>Levels in Thousands</i>					
Population					
Total Population	9,352.2	9,396.4	9,524.8	9,623.4	9,727.8
Annual Percentage Change	0.4%	0.5%	1.4%	1.0%	1.1%
Household Employment					
Labor Force	4,349.6	4,377.1	4,491.9	4,645.5	4,658.6
Total Employment	4,006.9	4,017.4	4,184.8	4,341.3	4,385.8
Total Unemployment	343.5	362.9	307.2	304.2	272.8
Unemployment Rate	7.9%	8.2%	6.8%	6.5%	5.9%
Wage & Salary Employment					
Total Payroll Employment	3,746.5	3,788.5	3,865.1	3,943.5	4,005.3
Mining	5.9	5.7	5.5	4.9	4.4
Construction	109.8	107.5	109.5	118.4	125.0
Manufacturing	638.4	644.7	661.4	661.7	643.4
Durable Goods	349.1	352.3	364.0	368.0	354.4
Nondurable Goods	289.2	292.4	297.4	293.7	289.0
Transportation & Public Utilities	202.6	204.7	211.9	225.2	234.2
Total Trade	835.8	840.7	858.6	871.9	885.3
Wholesale Trade	259.0	257.4	265.1	270.2	272.6
Retail Trade	576.8	583.4	593.5	601.6	612.7
Finance, Real Estate & Insurance	222.1	217.2	220.2	228.4	233.7
Services	1,196.2	1,234.9	1,261.9	1,292.2	1,317.0
Total Government	535.7	533.0	536.3	541.0	562.4
Percentage Change					
Total Payroll Employment	1.2%	1.1%	2.0%	2.0%	1.6%
Mining	-11.5%	-3.4%	-3.8%	-11.5%	-9.8%
Construction	4.4%	-2.1%	1.8%	8.2%	5.6%
Manufacturing	-0.5%	1.0%	2.6%	0.0%	-2.8%
Durable Goods	-2.0%	0.9%	3.3%	1.1%	-3.7%
Nondurable Goods	1.3%	1.1%	1.7%	-1.2%	-1.6%
Transportation & Public Utilities	0.5%	1.1%	3.5%	6.3%	4.0%
Total Trade	1.7%	0.6%	2.1%	1.5%	1.5%
Wholesale Trade	2.3%	-0.6%	3.0%	1.9%	0.9%
Retail Trade	1.5%	1.1%	1.7%	1.4%	1.8%
Finance, Real Estate & Insurance	-6.3%	-2.2%	1.4%	3.7%	2.3%
Services	3.6%	3.2%	2.2%	2.4%	1.9%
Total Government	0.4%	-0.5%	0.6%	0.9%	4.0%

Levels in millions

Personal Income

Personal Income	213,656	223,742	234,469	248,068	264,193
Annual Percentage Change	4.8%	4.7%	4.8%	4.8%	5.8%
Per capita income (\$)	22,846	23,811	24,617	25,778	27,158

Taxable Sales

Total taxable sales	79,068	82,621	86,398	90,206	97,317
Year to year Percentage Change	2.8%	4.5%	4.6%	4.4%	7.9%

	2000f	2001f	2002f	5 Yr. Change (99-04)
--	-------	-------	-------	----------------------

Levels in Thousands

Population

Total Population	9,838.9	9,925.4	10,007.8	437.0
Annual Percentage Change	1.1%	0.9%	0.8%	0.9%

Household Employment

Labor Force	4,719.9	4,789.0	4,853.8	291.6
Total Employment	4,456.2	4,523.1	4,577.4	309.0
Total Unemployment	263.7	265.9	276.4	(17.4)
Unemployment Rate	5.6%	5.6%	5.7%	-

Wage & Salary Employment

Total Payroll Employment	4,076.7	4,164.0	4,243.1	431.3
Mining	4.4	4.4	4.2	(0.4)
Construction	129.8	136.1	142.3	30.8
Manufacturing	635.9	634.8	627.4	(24.2)
Durable Goods	347.0	346.5	340.9	(19.1)
Nondurable Goods	288.9	288.3	286.5	(5.2)
Transportation & Public Utilities	243.5	254.2	264.7	53.5
Total Trade	895.3	906.7	918.0	53.8
Wholesale Trade	275.5	277.4	279.3	8.3
Retail Trade	619.8	629.2	638.7	45.5
Finance, Real Estate & Insurance	236.5	240.5	244.7	17.6
Services	1,345.8	1,378.0	1,407.9	155.0
Total Government	585.5	609.2	633.9	145.2

Percentage Change

Total Payroll Employment	1.8%	2.1%	1.9%	2.1%
Mining	0.5%	-1.2%	-3.5%	-1.9%
Construction	3.9%	4.8%	4.5%	4.5%
Manufacturing	-1.2%	-0.2%	-1.2%	-0.8%
Durable Goods	-2.1%	-0.1%	-1.6%	-1.1%
Nondurable Goods	0.0%	-0.2%	-0.6%	-0.4%
Transportation & Public Utilities	4.0%	4.4%	4.1%	4.2%
Total Trade	1.1%	1.3%	1.2%	1.2%
Wholesale Trade	1.1%	0.7%	0.7%	0.6%
Retail Trade	1.2%	1.5%	1.5%	1.4%
Finance, Real Estate & Insurance	1.2%	1.7%	1.7%	1.5%
Services	2.2%	2.4%	2.2%	2.3%
Total Government	4.1%	4.1%	4.0%	4.7%

Levels in millions

Personal Income

Personal Income	282,158	299,652	317,032	85,999
Annual Percentage Change	6.8%	6.2%	5.8%	5.8%
Per capita income (\$)	28,678	30,190	31,679	-

Taxable Sales

Total taxable sales	105,689	112,659	119,508	35,249
Year to year Percentage Change	8.6%	6.6%	6.1%	6.4%

CSUF
Economic
Forecast
for the
Southern
California
Counties

Los Angeles
County
Forecast

	1995	1996	1997	1998	1999
<i>Levels in Thousands</i>					
Population					
Total Population	2,614.9	2,649.8	2,705.3	2,745.0	2,787.6
Annual Percentage Change	1.3%	1.3%	2.1%	1.5%	1.6%
Household Employment					
Labor Force	1,331.0	1,340.1	1,385.0	1,433.8	1,472
Total Employment	1,263.3	1,285.1	1,339.9	1,392.5	1,433
Total Unemployment	67.7	55.2	45.2	41.4	39
Unemployment Rate	5.1%	4.1%	3.3%	2.9%	2.6%
Wage & Salary Employment					
Total Payroll Employment	1,151.7	1,184.3	1,233.9	1,299.2	1,345.2
Mining	0.9	0.9	0.9	0.9	0.7
Construction	49.8	52.5	58.1	65.5	73.4
Manufacturing	205.5	211.2	222.4	231.7	228.9
Durable Goods	134.5	139.3	149.1	157.8	154.8
Nondurable Goods	71.0	71.9	73.3	74.0	74.1
Transportation & Public Utilities	42.4	42.8	44.4	46.3	48.1
Total Trade	291.6	298.6	309.9	322.5	331.6
Wholesale Trade	84.5	89.6	93.9	98.3	100.8
Retail Trade	207.1	209.1	216.0	224.2	230.8
Finance, Real Estate & Insurance	84.9	86.9	92.9	100.4	105.2
Services	348.6	361.7	372.7	395.6	415.8
Total Government	128.2	129.7	132.7	136.4	141.4
Percentage Change					
Total Payroll Employment	2.2%	2.8%	4.2%	5.3%	3.5%
Mining	3.8%	-0.9%	0.0%	-0.9%	-19.6%
Construction	5.2%	5.5%	10.6%	12.8%	12.0%
Manufacturing	0.2%	2.8%	5.3%	4.2%	-1.2%
Durable Goods	-0.8%	3.6%	7.1%	5.8%	-1.9%
Nondurable Goods	2.1%	1.3%	1.9%	1.0%	0.3%
Transportation & Public Utilities	7.5%	1.1%	3.6%	4.2%	4.1%
Total Trade	3.2%	2.4%	3.8%	4.1%	2.8%
Wholesale Trade	6.6%	6.0%	4.8%	4.7%	2.6%
Retail Trade	1.8%	0.9%	3.3%	3.8%	2.9%
Finance, Real Estate & Insurance	-7.5%	2.4%	6.8%	8.2%	4.8%
Services	5.4%	3.8%	3.0%	6.1%	5.1%
Total Government	-0.8%	1.1%	2.3%	2.8%	3.7%
Levels in millions					
Personal Income					
Personal Income	71,505	75,749	81,931	88,634	95,282
Annual Percentage Change	4.7%	5.9%	8.2%	6.4%	7.5%
Per capita income (\$)	27,346	28,586	30,286	32,289	34,181
Taxable Sales					
Total taxable sales	29,947	32,533	34,921	37,086	40,366
Year to year Percentage Change	5.9%	8.6%	7.3%	6.2%	8.8%

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Orange
County
Forecast**

	2000f	2001f	2002f	5 Yr. Change (99-04)
<i>Levels in Thousands</i>				
Population				
Total Population	2,833.2	2,872.6	2,911.0	197.4
Annual Percentage Change	1.6%	1.4%	1.3%	1.4%
Household Employment				
Labor Force	1,510.1	1,542.6	1,571.9	161
Total Employment	1,467.0	1,497.9	1,527.8	157
Total Unemployment	43.0	44.8	44.1	4
Unemployment Rate	2.9%	2.9%	2.8%	-
Wage & Salary Employment				
Total Payroll Employment	1,387.0	1,428.9	1,470.0	213.0
Mining	0.6	0.5	0.5	(0.4)
Construction	79.1	83.4	90.1	29.8
Manufacturing	232.4	235.6	236.9	11.4
Durable Goods	157.1	159.6	160.1	7.2
Nondurable Goods	75.2	76.1	76.8	4.2
Transportation & Public Utilities	49.8	51.2	52.0	6.1
Total Trade	339.6	347.6	355.7	37.6
Wholesale Trade	103.8	107.1	109.5	11.1
Retail Trade	235.7	240.5	246.2	26.5
Finance, Real Estate & Insurance	107.1	110.4	113.9	14.3
Services	431.1	447.1	462.0	78.8
Total Government	147.5	153.1	159.1	35.4
Percentage Change				
Total Payroll Employment	3.1%	3.0%	2.9%	3.0%
Mining	-18.3%	-8.4%	-15.4%	-13.6%
Construction	7.7%	5.5%	8.0%	7.1%
Manufacturing	1.5%	1.4%	0.5%	1.0%
Durable Goods	1.5%	1.5%	0.3%	0.9%
Nondurable Goods	1.5%	1.1%	0.9%	1.1%
Transportation & Public Utilities	3.4%	2.8%	1.7%	2.4%
Total Trade	2.4%	2.4%	2.3%	2.2%
Wholesale Trade	3.0%	3.2%	2.2%	2.1%
Retail Trade	2.1%	2.0%	2.4%	2.2%
Finance, Real Estate & Insurance	1.8%	3.1%	3.2%	2.6%
Services	3.7%	3.7%	3.3%	3.5%
Total Government	4.3%	3.8%	3.9%	4.6%
Levels in millions				
Personal Income				
Personal Income	103,000	109,592	116,277	32,424
Annual Percentage Change	8.1%	6.4%	6.1%	6.0%
Per capita income (\$)	36,355	38,150	39,944	-
Taxable Sales				
Total taxable sales	44,617	48,074	51,590	17,979
Year to year Percentage Change	10.5%	7.7%	7.3%	7.6%

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Riverside/
San Bernardino
Historical
Data**

	1995	1996	1997	1998	1999
<i>Levels in Thousands</i>					
Population					
Total Population	2,952.0	2,986.0	3,041.0	3,122.8	3,208.5
Annual Percentage Change	1.5%	1.2%	1.8%	2.7%	2.7%
Household Employment					
Labor Force	1,292.7	1,302.1	1,352.3	1,387.5	1,442.6
Total Employment	1,180.8	1,201.9	1,259.2	1,302.6	1,350.8
Total Unemployment	112.0	100.7	93.1	84.8	91.7
Unemployment Rate	8.7%	7.7%	6.9%	6.1%	6.4%
Wage & Salary Employment					
Total Payroll Employment	779.9	803.5	841.4	882.2	933.6
Mining	1.1	1.2	1.2	1.0	0.9
Construction	43.1	46.2	52.1	60.8	70.0
Manufacturing	94.4	99.2	104.8	111.4	118.3
Durable Goods	62.0	65.9	70.5	76.1	80.9
Nondurable Goods	32.4	33.3	34.3	35.3	37.4
Transportation & Public Utilities	40.8	41.1	42.5	45.7	48.7
Total Trade	205.9	210.1	217.9	223.2	231.7
Wholesale Trade	35.9	37.5	40.2	42.2	45.0
Retail Trade	170.0	172.6	177.8	181.0	186.7
Finance, Real Estate & Insurance	29.4	29.6	29.8	30.6	32.0
Services	202.6	208.7	221.5	234.9	248.8
Total Government	162.6	167.3	171.6	174.7	183.2
Percentage Change					
Total Payroll Employment	3.8%	3.0%	4.7%	4.8%	5.8%
Mining	-9.9%	13.3%	0.7%	-17.1%	-6.6%
Construction	6.8%	7.1%	12.9%	16.7%	15.1%
Manufacturing	6.7%	5.1%	5.6%	6.3%	6.2%
Durable Goods	6.7%	6.4%	6.9%	8.0%	6.2%
Nondurable Goods	6.8%	2.7%	3.0%	2.8%	6.1%
Transportation & Public Utilities	4.4%	0.7%	3.5%	7.5%	6.6%
Total Trade	3.9%	2.0%	3.8%	2.4%	3.8%
Wholesale Trade	6.3%	4.5%	7.2%	5.1%	6.5%
Retail Trade	3.4%	1.5%	3.0%	1.8%	3.2%
Finance, Real Estate & Insurance	-5.5%	0.8%	0.6%	2.5%	4.5%
Services	3.8%	3.0%	6.1%	6.0%	5.9%
Total Government	3.1%	2.9%	2.5%	1.8%	4.9%
Levels in millions					
Personal Income					
Personal Income	55,752	58,143	61,729	66,385	72,426
Annual Percentage Change	3.7%	4.3%	6.2%	7.5%	9.1%
Per capita income (\$)	18,886	19,472	20,299	21,258	22,574
Taxable Sales					
Total taxable sales	22,803	24,265	25,977	28,143	31,864
Year to year Percentage Change	5.3%	6.4%	7.1%	8.3%	13.2%

	2000f	2001f	2002f	5 Yr. Change (99-04)
--	-------	-------	-------	----------------------

Levels in Thousands

Population

Total Population	3,298.3	3,397.8	3,497.6	489.8
Annual Percentage Change	2.8%	3.0%	2.9%	2.9%

Household Employment

Labor Force	1,494.1	1,539.2	1,601.9	277.1
Total Employment	1,395.4	1,444.3	1,497.7	264.4
Total Unemployment	98.7	95.0	104.2	12.7
Unemployment Rate	6.6%	6.2%	6.5%	-

Wage & Salary Employment

Total Payroll Employment	980.4	1,032.6	1,089.3	281.6
Mining	1.0	1.0	0.9	(0.1)
Construction	79.7	91.4	105.2	68.3
Manufacturing	124.4	131.7	139.5	37.7
Durable Goods	84.8	90.3	96.1	27.1
Nondurable Goods	39.6	41.4	43.4	10.6
Transportation & Public Utilities	51.1	54.0	57.3	15.3
Total Trade	238.4	246.2	253.9	39.0
Wholesale Trade	47.3	50.1	52.9	14.2
Retail Trade	191.2	196.1	201.0	24.8
Finance, Real Estate & Insurance	32.7	33.5	34.4	4.5
Services	262.6	278.1	294.4	80.8
Total Government	190.5	196.7	203.6	36.0

Percentage Change

Total Payroll Employment	5.0%	5.3%	5.5%	5.4%
Mining	6.5%	-4.1%	-5.3%	-1.4%
Construction	13.9%	14.7%	15.1%	14.6%
Manufacturing	5.2%	5.8%	5.9%	5.7%
Durable Goods	4.9%	6.5%	6.4%	5.9%
Nondurable Goods	5.9%	4.4%	4.8%	5.1%
Transportation & Public Utilities	4.8%	5.6%	6.1%	5.6%
Total Trade	2.9%	3.3%	3.1%	3.2%
Wholesale Trade	5.1%	6.0%	5.7%	5.6%
Retail Trade	2.4%	2.6%	2.5%	2.5%
Finance, Real Estate & Insurance	2.2%	2.5%	2.9%	2.7%
Services	5.6%	5.9%	5.9%	5.8%
Total Government	3.9%	3.3%	3.5%	3.7%

Levels in millions

Personal Income

Personal Income	78,582	84,555	89,594	27,159
Annual Percentage Change	8.5%	7.6%	6.0%	6.6%
Per capita income (\$)	23,825	24,885	25,616	-

Taxable Sales

Total taxable sales	36,673	40,827	45,141	21,973
Year to year Percentage Change	12.9%	10.5%	9.4%	9.9%

CSUF Economic Forecast for the Southern California Counties

Riverside/ San Bernardino County Forecast

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Ventura
County
Historical
Data**

	1995	1996	1997	1998	1999
<i>Levels in Thousands</i>					
Population					
Total Population	712.8	714.8	727.3	736.0	744.8
Annual Percentage Change	0.9%	0.3%	1.7%	1.2%	1.2%
Household Employment					
Labor Force	382.1	377.8	381.5	387.9	395.8
Total Employment	353.6	350.9	356.5	366.4	377.0
Unemployment	28.6	27.0	25.0	21.5	18.8
Unemployment Rate	7.5%	7.1%	6.5%	5.5%	4.7%
Wage & Salary Employment					
Total Payroll Employment	237.3	237.9	242.7	252.4	263.0
Mining	2.0	1.7	1.5	1.3	1.1
Construction	11.0	10.5	11.1	12.7	14.4
Manufacturing	29.6	30.7	32.8	36.0	38.9
Durable Goods	21.1	22.2	24.0	25.6	25.2
Nondurable Goods	8.5	8.5	8.8	10.5	13.7
Transportation & Public Utilities	10.3	9.7	9.7	10.6	11.6
Total Trade	58.1	59.1	59.2	59.2	59.2
Wholesale Trade	11.9	12.1	12.5	12.5	12.4
Retail Trade	46.1	47.0	46.7	46.7	46.7
Finance, Real Estate & Insurance	12.0	11.7	12.6	12.7	12.8
Services	71.4	71.0	72.4	72.8	73.1
Total Government	43.0	43.4	43.3	43.4	43.3
Percentage Change					
Total Payroll Employment	-2.1%	-11.5%	-11.1%	-18.4%	4.2%
Mining	8.6%	-4.6%	6.2%	13.5%	-14.6%
Construction	-1.4%	3.6%	7.0%	9.8%	14.2%
Manufacturing	-2.5%	5.2%	8.3%	6.5%	8.0%
Durable Goods	1.7%	-0.3%	3.6%	18.7%	-1.3%
Nondurable Goods	-2.8%	-5.4%	-0.5%	9.7%	30.8%
Transportation & Public Utilities	3.7%	1.8%	0.2%	0.0%	9.8%
Total Trade	2.8%	1.5%	3.1%	-0.3%	0.0%
Wholesale Trade	3.9%	1.8%	-0.6%	0.0%	-0.4%
Retail Trade	-3.1%	-2.2%	7.4%	0.6%	0.1%
Finance, Real Estate & Insurance	2.7%	-0.6%	2.0%	0.5%	0.6%
Services	0.8%	0.9%	-0.2%	0.0%	0.5%
Total Government	0.0%	0.0%	0.0%	0.0%	-0.1%
Levels in millions					
Personal Income					
Personal Income	17,463	18,145	19,173	20,343	21,706
Annual Percentage Change	5.5%	3.9%	5.7%	6.1%	6.7%
Per capita income (\$)	24,501	25,383	26,364	27,641	29,142
Taxable Sales					
Total taxable sales	6,246	6,545	7,043	7,471	8,339
Year to year percentage change	3.6%	4.8%	7.6%	6.1%	11.6%

	2000f	2001f	2002f	5 Yr. Change (99-04)
--	-------	-------	-------	----------------------

Levels in Thousands

Population

Total Population	753.8	763.6	773.3	47.7
Annual Percentage Change	1.2%	1.3%	1.3%	1.2%

Household Employment

Labor Force	409.3	416.2	428.4	45.6
Total Employment	386.8	396.9	406.0	45.8
Total Unemployment	22.5	19.3	22.4	(0.2)
Unemployment Rate	5.5%	4.6%	5.2%	-

Wage & Salary Employment

Total Payroll Employment	273.3	284.2	297.2	67.5
Mining	1.1	1.0	0.9	-0.3
Construction	15.2	16.7	18.5	7.7
Manufacturing	42.0	45.9	50.6	23.4
Durable Goods	26.1	27.2	28.1	4.6
Nondurable Goods	15.9	18.6	22.5	18.8
Transportation & Public Utilities	12.3	13.0	14.0	4.4
Total Trade	63.5	64.7	66.2	11.4
Wholesale Trade	12.9	13.0	13.2	1.2
Retail Trade	50.6	51.6	53.0	10.2
Finance, Real Estate & Insurance	15.1	16.2	17.2	7.7
Services	79.4	81.8	84.3	18.4
Total Government	44.7	45.0	45.4	3.4

Percentage Change

Total Payroll Employment	3.9%	4.0%	4.6%	4.7%
Mining	3.5%	-10.1%	-9.9%	-6.2%
Construction	5.3%	9.8%	10.7%	8.9%
Manufacturing	8.1%	9.2%	10.4%	9.9%
Durable Goods	3.7%	4.3%	3.3%	3.4%
Nondurable Goods	16.2%	17.3%	20.8%	18.9%
Transportation & Public Utilities	5.4%	6.1%	7.7%	6.6%
Total Trade	7.3%	1.9%	2.3%	3.6%
Wholesale Trade	3.5%	1.5%	1.1%	1.9%
Retail Trade	8.4%	2.0%	2.6%	4.0%
Finance, Real Estate & Insurance	18.6%	6.8%	6.6%	10.0%
Services	8.7%	2.9%	3.1%	4.6%
Total Government	3.2%	0.7%	1.0%	1.5%

Levels in millions

Personal Income

Personal Income	23,073	24,417	25,644	6,810
Annual Percentage Change	6.3%	5.8%	5.0%	5.6%
Per capita income (\$)	30,608	31,977	33,162	-

Taxable Sales

Total taxable sales	9,373	10,273	11,177	4,630
Year to year percentage change	10.6%	8.9%	7.8%	8.2%

CSUF Economic Forecast for the Southern California Counties

Ventura County Forecast

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Imperial
County
Historical
Data**

	1995	1996	1997	1998	1999
<i>Levels in Thousands</i>					
Population					
Total Population	137.4	141.2	142.7	146.4	150.4
Annual Percentage Change	2.8%	2.8%	1.7%	2.6%	2.7%
Household Employment					
Labor Force	58.4	57.4	56.4	56.1	55.8
Total Employment	41.3	40.5	41.4	41.6	42.9
Total Unemployment	17.1	16.9	15.0	14.6	13.0
Unemployment Rate	29.3%	29.5%	26.6%	25.9%	23.2%
Wage & Salary Employment					
Total Payroll Employment	34.0	34.1	34.9	35.4	36.4
Mining	0.0	0.0	0.0	0.0	0.0
Construction	1.7	1.6	1.5	1.4	1.4
Manufacturing	1.8	1.7	1.8	1.7	1.9
Durable Goods	0.7	0.6	0.7	0.7	0.9
Nondurable Goods	1.1	1.0	1.1	1.0	1.0
Transportation & Public Utilities	1.9	2.1	2.1	2.0	1.9
Total Trade	9.2	9.0	9.2	9.4	9.6
Wholesale Trade	1.7	1.7	1.7	1.7	1.8
Retail Trade	7.5	7.3	7.5	7.7	7.8
Finance, Real Estate & Insurance	1.2	1.1	1.1	1.1	1.1
Services	5.1	5.2	5.4	5.5	5.7
Total Government	13.3	13.5	14.0	14.4	14.9
Percentage Change					
Total Payroll Employment	0.0%	0.0%	0.0%	0.0%	2.8%
Mining	-8.3%	-0.5%	-11.2%	-1.7%	0.0%
Construction	-6.5%	-8.8%	7.1%	-4.7%	-4.1%
Manufacturing	-13.5%	-12.0%	15.1%	0.0%	12.4%
Durable Goods	-1.5%	-6.7%	2.4%	-7.8%	22.6%
Nondurable Goods	15.2%	8.4%	1.2%	-6.0%	5.1%
Transportation & Public Utilities	-6.6%	-2.4%	2.4%	2.4%	-3.4%
Total Trade	-5.6%	-1.5%	3.5%	1.5%	2.1%
Wholesale Trade	-6.8%	-2.7%	2.2%	2.6%	3.3%
Retail Trade	1.4%	-5.7%	0.0%	-0.8%	1.8%
Finance, Real Estate & Insurance	-7.3%	2.6%	4.2%	1.4%	0.8%
Services	3.7%	1.6%	3.7%	3.0%	4.4%
Total Government	0.0%	0.0%	0.0%	0.0%	3.5%
Levels in millions					
Personal Income					
Personal Income	2,042	2,036	2,110	2,185	2,267
Annual Percentage Change	3.1%	-0.3%	3.7%	3.6%	3.7%
Per capita income (\$)	14,853	14,415	14,791	14,927	15,073
Taxable Sales					
Total taxable sales	980	1,013	1,051	1,105	1,293
Year to year Percentage Change	-5.8%	3.3%	3.8%	5.1%	17.0%

**CSUF
Economic
Forecast
for the
Southern
California
Counties**

**Imperial
County
Forecast**

	2000f	2001f	2002f	5 Yr. Change (99-04)
<i>Levels in Thousands</i>				
Population				
Total Population	154.5	161.2	167.8	30.8
Annual Percentage Change	2.8%	4.3%	4.1%	3.8%
Household Employment				
Labor Force	58.3	59.0	59.9	7.6
Total Employment	43.7	44.5	45.6	5.7
Total Unemployment	14.6	14.4	14.4	1.9
Unemployment Rate	25.0%	24.5%	24.0%	-
Wage & Salary Employment				
Total Payroll Employment	37.5	38.4	39.4	5.3
Mining	0.0	0.0	0.0	0.0
Construction	1.6	1.6	1.7	0.5
Manufacturing	1.9	2.0	2.1	0.5
Durable Goods	0.9	1.0	1.1	0.5
Nondurable Goods	1.0	1.0	1.0	0.0
Transportation & Public Utilities	1.9	1.8	1.8	-0.2
Total Trade	9.7	9.9	10.1	0.8
Wholesale Trade	1.8	1.9	1.9	0.2
Retail Trade	7.9	8.0	8.2	0.6
Finance, Real Estate & Insurance	1.1	1.1	1.1	0.0
Services	5.8	6.0	6.2	0.8
Total Government	15.4	16.0	16.5	2.8
Percentage Change				
Total Payroll Employment	2.9%	2.6%	2.5%	2.7%
Mining	0.0%	0.0%	0.0%	0.0%
Construction	18.5%	0.4%	3.3%	6.5%
Manufacturing	1.9%	4.9%	4.4%	4.6%
Durable Goods	6.4%	11.0%	10.0%	10.0%
Nondurable Goods	-1.8%	-0.5%	-1.3%	-0.8%
Transportation & Public Utilities	0.0%	-2.0%	-2.9%	-1.7%
Total Trade	0.9%	2.0%	1.8%	1.6%
Wholesale Trade	0.7%	2.2%	1.9%	1.7%
Retail Trade	1.0%	1.9%	1.8%	1.6%
Finance, Real Estate & Insurance	-0.2%	-0.1%	-0.1%	-0.1%
Services	2.0%	3.0%	2.7%	2.7%
Total Government	3.7%	3.5%	3.4%	3.5%
Levels in millions				
Personal Income				
Personal Income	2,336	2,442	2,554	552
Annual Percentage Change	3.1%	4.5%	4.6%	4.5%
Per capita income (\$)	15,118	15,148	15,216	-
Taxable Sales				
Total taxable sales	1,494	1,688	1,880	945
Year to year Percentage Change	13.3%	10.6%	9.6%	9.7%



2001-2002

Regional ECONOMIC *for southern* Forecast california

County Forecast Tables
California State University,
Long Beach

- 36** Los Angeles County Forecast
- 38** Orange County Forecast
- 40** San Bernardino/Riverside Forecast
- 42** Ventura County Forecast

	1995	1996	1997	1998	1999
<i>Levels</i>					
Mining	5,908	5,708	5,492	4,859	4,383
Construction	109,817	107,542	109,450	118,383	125,025
Durable Manufacturing	349,142	352,342	364,000	367,975	354,442
Nondurable Manufacturing	289,225	292,400	297,375	293,708	288,975
Transportation, Commun. & Utilities	202,584	204,742	211,850	225,242	234,159
Wholesale Trade	258,992	257,392	265,117	270,233	272,567
Retail Trade	576,825	583,350	593,450	601,625	612,733
Finance, Insurance, & Real Estate	222,100	217,183	220,150	228,400	233,659
Services	1,196,209	1,234,892	1,261,850	1,292,150	1,316,984
Federal Government	63,433	61,183	57,850	56,142	56,592
State & Local Government	472,258	471,809	478,467	484,825	505,817
Total Nonfarm Employment	3,746,492	3,788,541	3,865,050	3,943,541	4,005,334

YEAR-TO-YEAR % CHANGE

Mining	-11.5	-3.4	-3.8	-11.5	-9.8
Construction	4.4	-2.1	1.8	8.2	5.6
Durable Manufacturing	-2.0	0.9	3.3	1.1	-3.7
Nondurable Manufacturing	1.3	1.1	1.7	-1.2	-1.6
Transportation, Commun. & Utilities	0.5	1.1	3.5	6.3	4.0
Wholesale Trade	2.3	-0.6	3.0	1.9	0.9
Retail Trade	1.5	1.1	1.7	1.4	1.8
Finance, Insurance, & Real Estate	-6.3	-2.2	1.4	3.7	2.3
Services	3.6	3.2	2.2	2.4	1.9
Federal Government	-2.2	-3.5	-5.4	-3.0	0.8
State & Local Government	0.7	-0.1	1.4	1.3	4.3
Total Nonfarm Employment	1.2	1.1	2.0	2.0	1.6

Taxable Sales

Taxable Sales (in \$ thousands)	79,068,162	82,620,919	86,397,850	90,256,550	97,316,828
Percentage change	2.8	4.5	4.6	4.5	7.8

Building Permits

Building Permits (Single-Family Resid.)	5,400	5,370	6,788	6,887	7,658
Percentage change	17.3	-0.6	26.4	1.5	11.2

2000e	2001f	2002f	2003f	2004f	2005f
4,167	4,147	4,194	4,307	4,492	4,738
132,095	140,452	148,534	157,129	166,522	176,349
345,223	337,054	330,479	322,540	317,075	313,502
289,569	292,889	296,122	299,017	305,189	310,699
276,404	275,071	271,551	267,626	263,742	259,555
626,546	640,265	651,811	663,398	675,820	688,037
235,807	236,673	238,810	240,475	241,761	242,797
1,349,481	1,372,860	1,391,791	1,412,895	1,435,667	1,458,230
61,592	61,483	58,240	57,679	57,672	58,192
526,856	547,983	571,245	597,209	626,539	659,619
4,091,871	4,161,711	4,222,786	4,289,266	4,368,821	4,453,749

CSULB
Economic
Forecast
for the
Southern
California
Counties

Los Angeles
County
Forecast

4.9	-0.5	1.1	2.7	4.3	5.5
5.7	6.3	5.8	5.8	6.0	5.9
2.6	-2.4	-2.0	-2.4	-1.7	-1.1
0.2	1.1	1.1	1.0	2.1	1.8
4.3	3.6	2.8	2.7	2.8	2.8
1.4	-0.5	-1.3	-1.4	-1.5	-1.6
2.3	2.2	1.8	1.8	1.9	1.8
0.9	0.4	0.9	0.7	0.5	0.4
2.5	1.7	1.4	1.5	1.6	1.6
8.8	-0.2	-5.3	-1.0	0.0	0.9
4.2	4.0	4.2	4.5	4.9	5.3
2.2	1.7	1.5	1.6	1.9	1.9

105,277,243	111,274,333	117,637,953	124,675,319	132,418,285	140,461,706
8.2	5.7	5.7	6.0	6.2	6.1
8,861	9,226	9,635	9,956	10,390	10,767
15.7	4.1	4.4	3.3	4.4	3.6

	1995	1996	1997	1998	1999
<i>Levels</i>					
Mining	908	900	900	892	717
Construction	49,758	52,508	58,084	65,509	73,400
Durable Manufacturing	134,467	139,292	149,142	157,775	154,784
Nondurable Manufacturing	71,000	71,900	73,250	73,950	74,142
Transportation, Commun. & Utilities	42,350	42,833	44,392	46,267	48,142
Wholesale Trade	84,508	89,558	93,875	98,258	100,784
Retail Trade	207,108	209,059	215,975	224,234	230,809
Finance, Insurance, & Real Estate	84,892	86,917	92,850	100,433	105,208
Services	348,558	361,725	372,692	395,567	415,833
Federal Government	15,417	14,508	13,458	13,175	12,950
State & Local Government	112,767	115,142	119,234	123,175	128,400
Total Nonfarm Employment	1,151,733	1,184,341	1,233,850	1,299,234	1,345,167

YEAR-TO-YEAR % CHANGE

Mining	3.8	-0.9	0.0	-0.9	-19.7
Construction	5.2	5.5	10.6	12.8	12.0
Durable Manufacturing	-0.8	3.6	7.1	5.8	-1.9
Nondurable Manufacturing	2.1	1.3	1.9	1.0	0.3
Transportation, Commun. & Utilities	7.5	1.1	3.6	4.2	4.1
Wholesale Trade	6.6	6.0	4.8	4.7	2.6
Retail Trade	1.8	0.9	3.3	3.8	2.9
Finance, Insurance, & Real Estate	-7.5	2.4	6.8	8.2	4.8
Services	5.4	3.8	3.0	6.1	5.1
Federal Government	-2.1	-5.9	-7.2	-2.1	-1.7
State & Local Government	-0.6	2.1	3.6	3.3	4.2
Total Nonfarm Employment	2.2	2.8	4.2	5.3	3.5

Taxable Sales

Taxable Sales (in thousands)	79,068,162	82,620,919	86,397,850	90,256,550	97,316,828
Percentage change	2.8	4.5	4.6	4.5	7.8

Building Permits

Building Permits (Single-Family Resid.)	5,400	5,370	6,788	6,887	7,658
Percentage change	17.3	-0.6	26.4	1.5	11.2

2000e	2001f	2002f	2003f	2004f
600	603	605	606	608
79,762	85,464	90,786	96,469	102,717
157,089	157,908	159,187	160,071	162,131
75,669	77,107	78,269	79,497	80,810
49,947	51,492	52,791	54,099	55,419
104,017	108,083	112,445	116,683	120,706
234,596	238,266	241,556	245,297	250,050
106,677	109,376	113,428	117,062	120,743
431,256	446,362	459,854	472,832	486,524
14,097	13,865	13,165	12,917	12,785
133,822	139,484	145,102	150,652	156,249
1,387,533	1,428,010	1,467,186	1,506,185	1,548,741

CSULB
Economic
Forecast
for the
Southern
California
Counties

Orange
County
Forecast

-16.2	0.4	0.3	0.3	0.2
8.7	7.1	6.2	6.3	6.5
1.5	0.5	0.8	0.6	1.3
2.1	1.9	1.5	1.6	1.7
3.8	3.1	2.5	2.5	2.4
3.2	3.9	4.0	3.8	3.4
1.6	1.6	1.4	1.5	1.9
1.4	2.5	3.7	3.2	3.1
3.7	3.5	3.0	2.8	2.9
8.9	-1.6	-5.0	-1.9	-1.0
4.2	4.2	4.0	3.8	3.7
3.1	2.9	2.7	2.7	2.8

44,684,473	48,059,287	51,784,364	55,971,495	60,598,381
10.7	7.6	7.8	8.1	8.3
7,167	6,924	6,837	6,811	6,903
-6.8	-3.4	-1.3	-0.4	1.437,201

CSULB
Economic
Forecast
for the
Southern
California
Counties

Riverside/
San Bernardino
Counties
Historical
Data

	1995	1996	1997	1998	1999
<i>Levels</i>					
Mining	1,067	1,208	1,217	1,008	942
Construction	43,092	46,158	52,108	60,834	69,992
Durable Manufacturing	61,967	65,925	70,458	76,117	80,850
Nondurable Manufacturing	32,425	33,317	34,300	35,267	37,409
Transportation, Commun. & Utilities	40,817	41,084	42,517	45,709	48,733
Wholesale Trade	35,867	37,475	40,167	42,225	44,950
Retail Trade	169,992	172,583	177,775	180,967	186,725
Finance, Insurance, & Real Estate	29,400	29,633	29,825	30,583	31,958
Services	202,642	208,734	221,467	234,850	248,767
Federal Government	18,675	18,850	18,450	17,517	17,467
State & Local Government	143,925	148,492	153,150	157,133	165,767
Total Nonfarm Employment	779,867	803,458	841,433	882,209	933,559

YEAR-TO-YEAR % CHANGE

Mining	-9.9	13.3	0.7	-17.1	-6.6
Construction	6.8	7.1	12.9	16.7	15.1
Durable Manufacturing	6.7	6.4	6.9	8.0	6.2
Nondurable Manufacturing	6.8	2.8	3.0	2.8	6.1
Transportation, Commun. & Utilities	4.4	0.7	3.5	7.5	6.6
Wholesale Trade	6.3	4.5	7.2	5.1	6.5
Retail Trade	3.4	1.5	3.0	1.8	3.2
Finance, Insurance, & Real Estate	-5.5	0.8	0.6	2.5	4.5
Services	3.8	3.0	6.1	6.0	5.9
Federal Government	0.6	0.9	-2.1	-5.1	-0.3
State & Local Government	3.4	3.2	3.1	2.6	5.5
Total Nonfarm Employment	3.8	3.0	4.7	4.8	5.8

Taxable Sales

Taxable Sales (in thousands)	22,802,927	24,265,384	25,977,387	28,164,612	31,864,323
Percentage change	4.3	6.4	7.1	8.4	13.1

Building Permits

Building Permits (Single-Family Resid.)	10,655	11,724	13,802	16,360	18,612
Percentage change	-13.2	10.0	17.7	18.5	13.8

2000e	2001f	2002f	2003f	2004f
1,012	1,064	1,104	1,133	1,157
78,359	84,059	89,152	94,892	101,447
84,353	90,098	96,926	104,902	114,255
39,708	41,734	43,907	46,235	48,984
51,240	52,185	53,126	54,214	55,026
47,146	49,382	51,671	54,119	56,804
191,553	195,898	200,323	204,748	208,996
32,677	33,041	33,336	33,699	34,105
262,758	276,425	290,858	306,260	322,613
19,090	19,429	18,792	18,791	18,972
172,244	180,454	188,175	195,959	204,199
980,140	1,023,770	1,067,370	1,114,952	1,166,559

CSULB
Economic
Forecast
for the
Southern
California
Counties

Riverside/
San Bernardino
Counties
Forecast

7.5	5.1	3.7	2.7	2.1
12.0	7.3	6.1	6.4	6.9
4.3	6.8	7.6	8.2	8.9
6.1	5.1	5.2	5.3	5.9
5.1	1.8	1.8	2.0	1.5
4.9	4.7	4.6	4.7	5.0
2.6	2.3	2.3	2.2	2.1
2.2	1.1	0.9	1.1	1.2
5.6	5.2	5.2	5.3	5.3
9.3	1.8	-3.3	0.0	1.0
3.9	4.8	4.3	4.1	4.2
5.0	4.5	4.3	4.5	4.6
35,490,959	38,395,828	41,593,935	45,253,557	49,288,060
11.4	8.2	8.3	8.8	8.9
17,478	16,800	16,608	16,842	17,199
-6.1	-3.9	-1.1	1.4	2.1

CSULB
Economic
Forecast
for the
Southern
California
Counties

Ventura
County
Historical
Data

	1995	1996	1997	1998	1999
<i>Levels</i>					
Mining	1,958	1,733	1,542	1,258	1,075
Construction	11,000	10,492	11,142	12,650	14,442
Durable Manufacturing	21,067	22,167	24,000	25,550	25,209
Nondurable Manufacturing	8,525	8,500	8,809	10,459	13,675
Transportation, Commun. & Utilities	10,258	9,708	9,658	10,592	11,633
Wholesale Trade	11,942	12,125	12,500	12,150	12,142
Retail Trade	46,117	46,958	46,692	47,575	49,608
Finance, Insurance, & Real Estate	12,000	11,742	12,608	13,634	14,817
Services	71,400	70,984	72,417	75,467	76,450
Federal Government	10,383	9,859	9,250	8,767	8,408
State & Local Government	32,650	33,583	34,083	34,292	35,525
Total Nonfarm Employment	237,300	237,850	242,700	252,392	262,983

YEAR-TO-YEAR % CHANGE

Mining	-2.1	-11.5	-11.0	-18.4	-14.6
Construction	8.6	-4.6	6.2	13.5	14.2
Durable Manufacturing	-2.5	5.2	8.3	6.5	-1.3
Nondurable Manufacturing	1.7	-0.3	3.6	18.7	30.8
Transportation, Commun. & Utilities	-2.8	-5.4	-0.5	9.7	9.8
Wholesale Trade	2.8	1.5	3.1	-2.8	-0.1
Retail Trade	3.9	1.8	-0.6	1.9	4.3
Finance, Insurance, & Real Estate	-3.1	-2.2	7.4	8.1	8.7
Services	2.7	-0.6	2.0	4.2	1.3
Federal Government	-4.1	-5.1	-6.2	-5.2	-4.1
State & Local Government	2.4	2.9	1.5	0.6	3.6
Total Nonfarm Employment	1.7	0.2	2.0	4.0	4.2

Taxable Sales)

Taxable Sales (in thousands)	6,245,832	6,544,583	7,042,659	7,468,045	8,339,182
Percentage change	3.6	4.8	7.6	6.0	11.7

Building Permits

Building Permits (Single-Family Resid.)	1,954	2,130	2,071	2,811	3,662
Percentage change	18.5	9.0	-2.8	35.7	30.3

2000e	2001f	2002f	2003f	2004f	
	1,099	1,113	1,169	1,272	1,429
15,375	16,393	17,447	18,481	19,572	
25,510	25,080	24,921	24,876	25,024	
14,565	15,960	17,214	18,456	19,511	
12,201	12,768	13,389	14,032	14,714	
12,743	12,960	13,240	13,490	13,714	
50,475	51,109	52,061	52,968	53,821	
14,885	15,113	15,461	15,939	16,476	
79,502	81,482	83,663	85,905	88,225	
8,370	8,668	8,912	9,266	9,805	
36,740	37,639	38,348	39,213	40,211	
271,465	278,285	285,826	293,899	302,502	

CSULB
Economic
Forecast
for the
Southern
California
Counties

Ventura
County
Forecast

2.2	1.2	5.0	8.8	12.3
6.5	6.6	6.4	5.9	5.9
1.2	-1.7	-0.6	-0.2	0.6
6.5	9.6	7.9	7.2	5.7
4.9	4.6	4.9	4.8	4.9
5.0	1.7	2.2	1.9	1.7
1.7	1.3	1.9	1.7	1.6
0.5	1.5	2.3	3.1	3.4
4.0	2.5	2.7	2.7	2.7
-0.5	3.6	2.8	4.0	5.8
3.4	2.4	1.9	2.3	2.5
3.2	2.5	2.7	2.8	2.9

9,221,701	9,862,863	10,612,611	11,460,112	12,374,133
10.6	7.0	7.6	8.0	8.0
2,930	2,724	2,635	2,646	2,708
-20.0	-7.1	-3.2	0.4	2.3



*Graphic art for this report was prepared by
Harlan West, Art Director
Welma Fu, Hiroto Takahashi,
Graphic Design and Production*

*Southern California
Association of Governments*

SOUTHERN CALIFORNIA



ASSOCIATION of
GOVERNMENTS

818 West Seventh Street, 12th Floor, Los Angeles, CA 90017 • 213-236-1800 • www.scag.ca.gov